

**Massachusetts**  
**Water Pollution Abatement Trust**  
*(A Component Unit of the Commonwealth of Massachusetts)*



Comprehensive Annual Financial Report as of and for  
the Years Ended June 30, 2004 and June 30, 2003  
and Independent Auditors' Report



***Massachusetts Water Pollution Abatement Trust***  
*(A Component Unit of the Commonwealth of Massachusetts)*

Comprehensive Annual Financial Report as of and for the Years Ended  
June 30, 2004 and June 30, 2003 and Independent Auditors' Report

Prepared by the Management of the  
Massachusetts Water Pollution Abatement Trust

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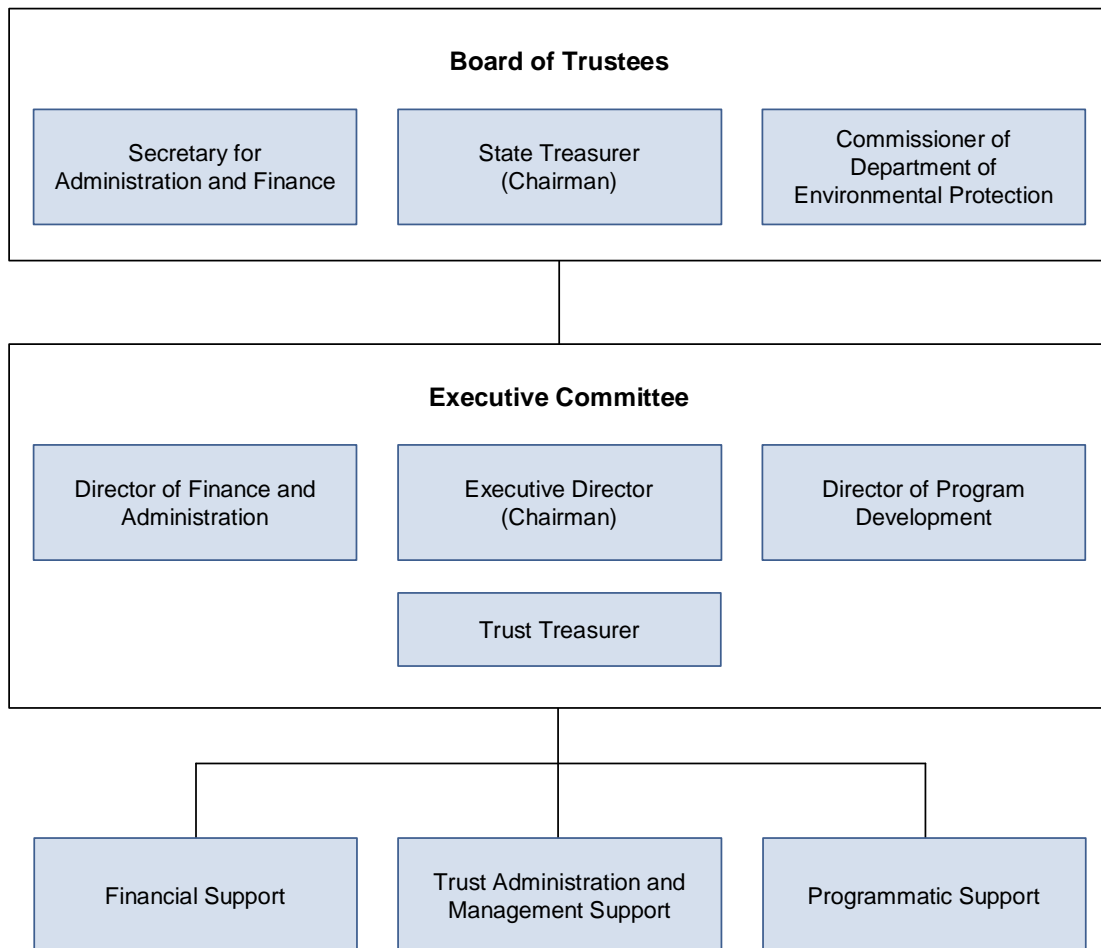
Massachusetts Water Pollution Abatement Trust  
Fiscal Years Ended June 30, 2004 and 2003  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## **Introductory Section**

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## Administrative Structure





***Board of Trustees***

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Mr. Timothy P. Cahill	Treasurer and Receiver-General of the Commonwealth of Massachusetts
Mr. Eric Kriss	Secretary of the Executive Office for Administration and Finance of the Commonwealth of Massachusetts
Mr. Robert Golledge, Jr.	Commissioner of the Department of Environmental Protection of the Commonwealth of Massachusetts

***Designees of Trustees***

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Mr. Jeffrey S. Stearns	Designee of the Treasurer and Receiver-General of the Commonwealth of Massachusetts
Mr. Timothy P. Murphy	Designee of the Secretary of the Executive Office for Administration and Finance of the Commonwealth of Massachusetts
Mr. Steven J. McCurdy	Designee of the Commissioner of the Department of Environmental Protection of the Commonwealth of Massachusetts

***Senior Management***

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(Vacant at the time of this report)	Executive Director
Ms. Nancy E. Parrillo	Treasurer
Mr. Timothy P. Murphy	Director of Finance and Administration
Mr. Steven J. McCurdy	Director of Program Development



## Message from the Chair of the Massachusetts Water Pollution Abatement Trust

**Timothy P. Cahill**

*Chair of the Massachusetts Water Pollution Abatement Trust and  
Treasurer and Receiver General of the Commonwealth of Massachusetts*

### **To the Stakeholders of the Massachusetts Water Pollution Abatement Trust:**

It is with great pleasure that I deliver to you the Massachusetts Water Pollution Abatement Trust's (the Trust) Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2004. I am proud to serve as chair of an organization that is a national leader among state revolving fund programs.

The Trust had several achievements of note during FY2004. In FY2004, the Trust financed \$311.6 million in new construction loans to 83 communities and districts through its Pool 9 bond issuance in the fall of 2003. The Trust's 30-year extended financing program continues to be a viable option for those entities working hard to keep the user rates affordable. The Title V – Community Septic Management Program is still thriving. To date, the Trust has provided more than \$27 million of such funding to communities across the Commonwealth, providing an affordable alternative to homeowners grappling with the costs remediating this environmental and health problem.

The Trust and similar programs across the United States face a number of challenges. Foremost is the likelihood of reductions in capitalization grants as the federal government seeks to slow the growth of its budget deficit in fiscal years 2005 and beyond. While the need for improvements to the Commonwealth's water infrastructure continues to be greater than the Trust's resources, federal support for the Trust's programs is declining. From fiscal year 1999 through 2004, capitalization grants saw no significant increase, and in some years declined. Recently, the federal fiscal year 2005 clean water appropriation was reduced by 19% from fiscal 2004. For Massachusetts, this means a reduction in our ability to finance projects of over \$29 million.

As federal support declines, there is additional pressure on the Trust to find innovative ways to build program capacity for the future. Over the next year we will redouble our efforts to run the program as efficiently as possible, to seek additional state and federal support, to advocate for regulatory relief from the U.S. Treasury, and to aggressively manage the Trust's finances. We look forward to this effort and to the work of building a better environmental infrastructure for the citizens of Massachusetts.

Sincerely yours,



Timothy P. Cahill  
Chair

## Massachusetts Water Pollution Abatement Trust

### Trustees

Hon. Timothy P. Cahill, Chair  
Hon. Eric Kriss  
Hon. Edward Koontz

One Ashburton Place  
12th Floor  
Boston, MA 02108-1608  
(617) 367-3900  
Fax (617) 227-1773

Executive Director  
Laura M. Guadagno

Treasurer  
Nancy E. Parrillo

### To the Members of the Board of Trustees of the Massachusetts Water Pollution Abatement Trust:

It is with great pleasure that I submit to you the Comprehensive Annual Financial Report (CAFR) of the Massachusetts Water Pollution Abatement Trust (the “Trust”) for the fiscal year ended June 30, 2004. This year’s CAFR is presented on a comparative basis with the fiscal year–ended June 30, 2003, and is submitted under Article VII, Section 2 of the by-laws of the Trust. This report has been prepared in conformity with generally accepted accounting principals (“GAAP”), thereby satisfying applicable federal and state laws, program regulations, and other Trust agreements. The data presented is accurate in all material aspects and is reported in a manner that presents fairly the financial position and results of operations of the Trust. All disclosures necessary to enable the reader to gain an understanding of the Trust’s activities have been included. The information contained within this report is the responsibility of management.

The CAFR is presented in three major sections: **introductory, financial, and statistical**. The introductory section, which is unaudited, is comprised of a letter of transmittal, an organizational chart of the Trust, as well as a list of the Trust’s principal officials. This section is intended to inform the reader of the overall programmatic accomplishments for the year. The financial section includes management’s discussion and analysis of the financial results of the year, the basic financial statements and combining financial schedules, as well as the independent auditor’s opinion on these financial statements and schedules. The statistical section, which is also unaudited, contains other schedules, which may be useful in understanding the activities of the Trust. These statistical schedules include revenues and expenditures by character, loan activity by local governmental unit, as well as population served. These schedules are generally on a multi-year basis.

The reporting entity, the Trust, is a public instrumentality of the Commonwealth of Massachusetts. It was established in 1989 to administer the Massachusetts Water Pollution Abatement Revolving Fund, pursuant to Title VI of the Federal Clean Water Act (“the Act”). It was later amended in 1998 to encompass the provisions of Title XIV of the Federal Safe Drinking Water Act (“the DWSRF”). The Trust’s mission, as contemplated by its enabling legislation, is to fund the implementation of water pollution control projects in the Commonwealth through a revolving fund loan program.

The Trust is authorized to issue bonds, guaranteed by reserves that are funded by Federal Grants and Commonwealth matching funds, to provide subsidized financing for these projects. As of June 30, 2004, the Trust has funded nearly \$3.1 billion of projects for more than 285 governmental units across the Commonwealth, ranging in scope from secondary wastewater treatment and drinking water treatment plants to individual septic systems.

As a public instrumentality, the Trust is reported on the Commonwealth's Combined Annual Financial Report as a component unit. The Trust also submits its independently audited financial statements to the Commonwealth's Senate and House of Representatives, as well as the Office of the Comptroller, and other interested parties. Also, as an entity receiving federal funding, the Trust is required to undergo an annual "Single Audit" to conform with the requirements of the Single Audit Act of 1984, as amended, and the US Office of Management and Budget's Circular A-133, Audits of State and Local Governments.

The Trust is administered by a three-member board. The State Treasurer serves as the Chair with the other two members being the Secretary of the Executive Office for Administration and Finance and the Commissioner of the Department of Environmental Protection. The Trust operates under the direction of the Executive Director with an Executive Committee to coordinate efforts between the three member units.

It is the function of DEP to determine which of the potential projects in the communities should be undertaken based on environmental and health issues. The Treasurer's Office, represented by the Trust, is responsible for financing those projects. A&F ensures that the Commonwealth can support the level of financial subsidies provided for by state statute for the projects chosen. The close working relationship of these 3 offices ensures the financial viability of the programs designed to help improve the environmental and public health issues across the Commonwealth.

## Financial Results of the Trust

The Comprehensive Annual Financial Report (CAFR) being presented is a snapshot of the Trust's financial position as of June 30, 2004 and the activities that encompass that position. The Financial Section of the CAFR includes a number of items. First is the **Independent Auditors' Report** that provides an opinion about the financial statements as to whether they are stated fairly in all material respects. The information reported in the financial statements **is the responsibility of the Trust's management and not that of our independent auditors and should not be construed as such.**

Next is the **Management Discussion and Analysis**, which is a narrative about changes in the financial state of the Trust as compared to last year. Key elements discussed are changes in assets, liabilities, long-term debt, cash, and net income. Comments on economic issues affecting the Trust's performance are also included.

The financial statements contain a **Statement of Net Assets** (the Balance Sheet) illustrating the financial position of the Trust as of June 30, 2004. The "net assets" value at the end of the statement can be traced to the Combined Statement of Revenues, Expenses and changes in Net Assets (more commonly referred to as "The Income Statement"). The last statement is the Statement of Cash Flows, which reconciles cash flow to income before operating transfers, breaking down the activities by operating, capital and related financing, and investment activities. This statement is used to assess the Trust's ability to meet its operating cash needs. Last are the footnotes that accompany the statements to fully explain the activities reported in them.



### **The Financial Picture Continues to Strengthen**

In FY2004 the financial position of the Trust continued to grow. The most important aspects of the Trust's financial position are the changes in cash and investments held by the Trust, the amounts of loans and or bonds that are due to the Trust from borrowers, and the amount of bonds due to the bondholders from the Trust. These three categories make up the majority of the Trust's net equity.

In FY2003, the Trust reported outstanding loans were of \$2.1 billion. In FY2004, that number grew to \$2.3 billion, which includes the issuance of the Pooled Loan Program, Series 9 (\$311.6 million) in new debt, while retiring \$87.3 million of outstanding debt. The Trust's outstanding loan portfolio continues to grow, as it plans to finance another \$325 million in the fall of 2004. Clearly, the Trust has achieved remarkable success in funding low-cost loans to local governments to help remediate water pollution and provide safe drinking water.



However, despite the growth in the program activity and the number of projects financed, the Trust continues to keep operating costs low. Overhead, including administrative costs associated with project management of both the Clean Water and Safe Drinking Water Programs, is significantly under 1% of outstanding loans.

### **Total Cash Position Continues to Shift Toward Long-Term Cash**

The components of cash and investments continue to shift from short-term to long-term instruments. The long-term investments presented here by the Trust predominantly consist of debt-service reserve funds. The Trust utilizes its cash in the debt service reserve funds to collateralize long-term bonds thereby making more money available for loans to more cities and towns.

The long-term investments are held in guaranteed investment contracts, or GIC's, which are similar to a certificate of deposit (CD's) in that they pay a fixed yield. A GIC differs from a CD in that the principal can be withdrawn at any time (for example, in the case of a loan default) without a principal penalty. Furthermore, the GICs held by the Trust are with "AA" or "AAA" rated institutions and are all over-collateralized (more than 100% of principal and interest due to the Trust) with the most secure investments available, United States Treasury and Agency securities. A higher long-term position is reflective of prudent investment management, as these GIC's are at higher, guaranteed rates than are available at current market interest rates.

Short-term cash is largely invested in Massachusetts Municipal Depository Trust, a \$1 net asset value money market fund, managed by the Commonwealth in conjunction with Fidelity Investments and State Street Bank and Trust Company. The components of short-term cash include interest earnings, unspent reserved short-term project funds and a minimal amount of funds not yet earmarked for future loans.

During FY04, the Trust continued to draw its capitalization grants from the US Environmental Protection Agency (EPA). These draws totaled more than \$28.6 million. Interest earnings, net of bond interest expenses totaled nearly \$21.0 million, while cash released back to the Trust from long-term reserve funds amounted to almost \$38 million.



## Other Assets and Liabilities Continue to Grow

In FY2004, the Trust continued to offer its extended financing program, allowing borrowers to finance an eligible project with the Trust through the execution of a bond purchase agreement with a repayment term of up to thirty years. This arrangement allows cities and towns a longer repayment term, attempts to match a loan amortization schedule with asset life and makes water and sewer projects more affordable at the local level.

In FY2004, the Trust completed two more transactions. In November 2003, the Trust issued its Pooled Loan Program, Series 9 for \$311.6 million. It was comprised of 83 loans – 59 in the clean water category, 24 in the drinking water category. Of the \$311.6 million issued for new construction, \$225.9 million was for clean water projects, and \$108.3 million for 8 loans opted for extended financing (30 year) terms. The balance of the Pool 9 issue, \$85.6 million was issued as the Trust's latest group of drinking water loans.

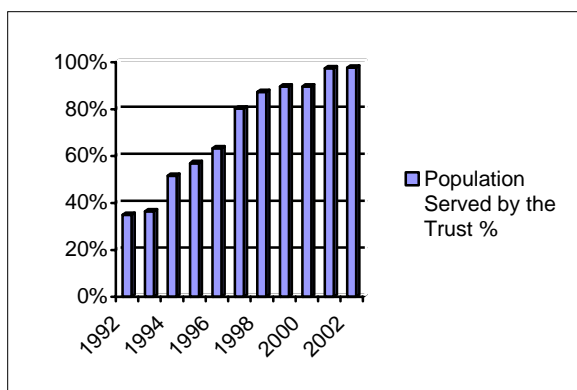


## The Trust Continues to Maintain Highest Credit Ratings

The high credit rating of Trust bonds is due to several factors, including the security of their related structures, which have traditionally provided debt service reserve funds that approach to 50% of the outstanding principal of each bond issue. Under the current leveraged program, Trust bonds will be collateralized by debt service reserve funds of 33.33% as the interest rate of 2% is charged to the local borrowers in accordance with legislation passed in FY2000. The earnings from these reserve funds help to subsidize borrower repayments to the Trust and, along with the funds themselves, are available to pay debt service on the bonds in the event of a borrower default. The reserve funds are invested in over-collateralized guaranteed investment contracts, which also add to the creditworthiness of the bonds. Further enhancing the Trust's bonds is the fact that they are all cross-collateralized. This allows the Trust to pledge all assets in the program – regardless of clean water or drinking water classification – as security for Trust bonds.

The ability of the Trust to intercept extensive state local aid payments to communities in the event, of a default and the diverse make-up of the Trust's borrower pool are also significant factors in the strength of the Trust creditworthiness. Based upon these various types of security, the Trust's Pool program (the vehicle through which most constituents borrow) is rated "AAA" by all three rating agencies. One of those agencies, Fitch IBCA, has indicated that the Trust Pool Program is the strongest in the country.

## 2004 Trust Operations



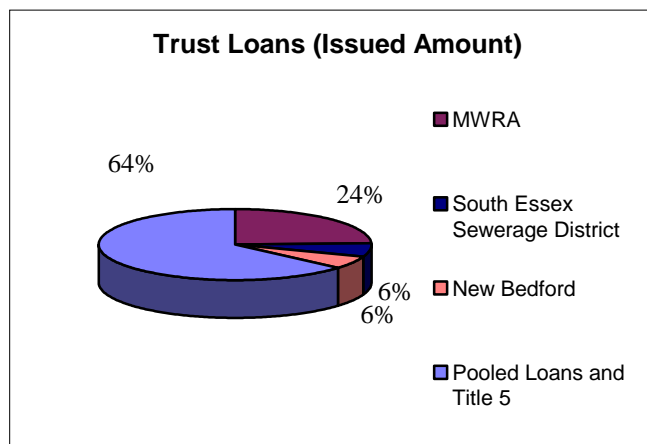
As the result of Trust activities in 2004, almost 95% of the population of the Commonwealth will be served by new projects financed or subsidized this year. This includes additional residents in communities participating in the Title 5 septic system repair program as well as those served by the more traditional projects financed through leveraged borrowings. This year, the Trust financed projects for fifteen new borrowers in the Pool 9 transaction. First time borrowers included Somerset, Worcester, Stockbridge, Wellfleet, Russell, Marion, Everett,

Danvers, Beverly, West Bridgewater, Hillcrest Sewer District; the following Water Districts: Chelmsford, West Boylston, North Sagamore; and Aquarion – a privately-owned water company. This brings the number of communities and governmental units participating in the Trust’s loan programs to 244.

Many of the Trust’s borrowers are not part of traditional sewer systems. They benefit from Trust financing available under the Commonwealth’s Title 5 Septic System Repair and Replacement program. With the issuance of Pool 9, another \$5 million was earmarked for the Title 5 program, bringing the total borrowed to date for Title 5 projects to \$27.5million. In addition to the traditional use of these funds to assist individual homeowners, a portion is used to tackle large projects that are Title 5 in nature but have much broader benefits than the single-residence projects. Large-scale Title 5 projects, which address entire neighborhoods or sections of communities, are underway in Gloucester and in the sensitive Wachusett Reservoir watershed in the Towns of Holden and West Boylston. The Trust’s Title 5 program continues to be one of the most effective programs nationally in addressing non-point sources of pollution.

One of the hallmarks of The Trust is the diversity of borrowers and projects that we finance. Large, multi-year treatment plant projects receive more attention simply because of their scope and cost but the Trust is also quite committed to our Pooled Loan financings. These bond issues allow many cities and towns to complete more modest projects that they would not normally be able to finance as efficiently or cost-effectively on their own. By participating in our pooled financing program, borrowers can implement projects while enjoying extremely attractive financing rates and savings achieved through economies of scale.

Since the creation of the Safe Drinking Water SRF program several years ago the Trust has financed several projects for privately-owned public drinking water systems as expressly intended by Congress and EPA. In FY2004, a loan was issued to Aquarion, another privately-owned company for improvements to the drinking water system that services that Town of Millbury. It continues to be likely that additional privately-owned systems will qualify for SRF assistance in future years. Since IRS regulations impose a limit on the amount of tax-exempt bonds that may be issued for the benefit of private entities, the Trust will need to develop a strategy to accommodate the growing demand for these particularly scarce resources.



### Legislative Impact on Future Funding

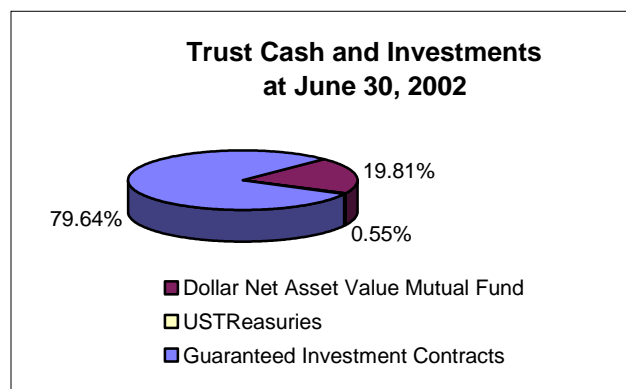
Congress has continued to provide annual capitalization grant funding for Clean Water SRF programs despite the fact that reauthorization of the Clean Water Act has been stalled since 1995. The Trust is working with the Council of Infrastructure Financing Authorities (CIFA), which acts as a liaison between States, Congress and EPA to encourage reauthorization. Massachusetts has authorized \$46.5 million in state funding to match anticipated federal grants through FY2007, a strong indication of the Commonwealth’s support of the program. With respect to the drinking water program, Congress passed the Safe Drinking Water Act, which was signed by President Clinton on August 6, 1996. The Act authorizes \$1 billion annually through FY2003 to capitalize existing State Revolving Funds (SRFs), specifically for drinking water projects. Federal appropriations - having been constant at \$850 million - combined with Commonwealth matching grants and the Trust’s ability to leverage its capital, it may allow the Trust to provide approximately \$600 million in financing for drinking water projects through

2004. The Commonwealth has appropriated \$45 million for matching funds for Safe Drinking Water federal capitalization grants, satisfying its anticipated requirement through 2004.

While the continuation of federal grants provides the major portion of new equity for the Trust each year, the revolving aspect of our program has become an increasingly significant element of our annual uncommitted equity, particularly with regard to the Clean Water fund. Even if federal funding of Clean Water SRF programs were to be scaled back from current levels, the repayment of outstanding loans would generate a sufficient level of funds to allow the Trust to continue to issue new loans. Trust equity revolves as the result of the repayment by borrowers of principal on existing direct loans and the release of debt service reserve funds that secure leveraged loans. These “free ups” are returned to the equity fund and can be utilized to fund new loans. In FY2004, these free-ups totaled almost \$38 million. Interest earnings realized through investment of Trust equity funds represent an additional contribution to equity that serves to increase available capacity to provide new financing. Management believes that the size of the annual “free ups” for the Clean Water program is an obvious indicator that the Massachusetts SRF program is developing as Congress expected state programs would when they authorized the SRF concept in 1987. Our success over the years in rapidly converting new equity to new loans is now resulting a level of recycled funds that can provide a considerable level of new project financing independent of the stream of new federal capitalization each year. Because it is a relatively new program and the size of the capitalization grants are substantially smaller than those of the Clean Water program. The equity position of the Drinking Water program is less robust. The amount of “free ups” this program that are contributing to the equity are modest and anticipated to remain several more years.

## Other Financial Results

In FY2004 assets of the Trust increased to \$3.8 billion. The amount of bonds payable also rose in conjunction with the issuance of the Pool 9 transaction. The Trust disbursed over \$290 million in project fund outlays to local governmental units for construction costs. Income was up again this year, another record year. As noted earlier in this report, the Trust is shifting its focus towards “long-term” cash, as much of the Trust’s excess capacity has now been committed. This trend is likely to continue as capitalization sources remain constant or, perhaps, decline in the future.



Our program achievements continued to place us at or near the top in several categories used by EPA to evaluate effectiveness of SRF programs. According to EPA’s Information Management

System, for the year ended June 30, 2003, the Trust remained in the top 5 in the country in the pace of funds used, first in the amount of funds provided to borrowers as a percentage of federal grant funds and first in the number of projects financed. The Trust was in the top six in four other categories. The Trust continues to be recognized by EPA as one of the model SRF programs in the country.

## Cash Management and Risk Financing

In fiscal 2004, the Trust experienced a net inflow of cash and cash equivalents of nearly \$27.1 million, increasing the total combined cash and cash equivalents (excluding investment contracts) as of June 30 to nearly \$252 million. It is the Trust’s policy to treat all highly liquid investments with maturities of three months or less (other than reserve funds) as cash and cash equivalents, all of which are currently held and fully invested in the Massachusetts Municipal Depository Trust. In this manner, the Trust adheres strictly to a short-term investment policy of investing solely in obligations of the U.S. Treasury and its agencies





and instrumentalities, authorized bonds of all states, banker's acceptances, certificates of deposit and commercial paper with only the three highest classifications as established by the major rating agencies.

The Trust currently has long-term investments of over \$990 million, held in over-collateralized GIC's and U.S. Treasury securities. These investment contracts provide secure reserves for Trust borrowings and interest subsidies for communities. All of the Trust's GIC's include provisions that require collateral be provided in the form of

instruments of the U.S. government and its agencies. To date, no default of any sort has occurred on any of the Trust's GIC's.

### **Independent Audit**

The Boston office of KPMG LLP completed their sixth audit of the Trust this year. For FY2004, KPMG LLP delivered an unqualified opinion to the Trust.

### **Internal Control Environment and Accounting System**

The Trust's internal controls structure provides Management with assurance that:

- financial and other resources are safeguarded against loss from unauthorized use or disposition;
- payrolls, payments and other transactions are executed in accordance with management authorizations;
- financial and statistical records and reports are accurate and reliable
- applicable laws, regulations and policies are adhered to; and
- resources are efficiently and effectively managed.

The Trust employs a fully computerized and integrated accounting system in connection with its internal controls system. The accounting system satisfies the requirements of management to provide timely reporting of financial transactions in accordance with generally accepted accounting principles.

### **Ninth Consecutive Financial Statements Award**

It is an honor to report that the Trust was notified that its 2003 Comprehensive Annual Financial Report has once again been awarded the most prestigious award in governmental financial reporting, the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. The award is the Trust's ninth consecutive citation. This award represents a significant accomplishment by a governmental organization. The financial report submitted is judged by an impartial panel of industry experts and must demonstrate to the judges that the report provides a "spirit of full disclosure" and clearly communicates the financial story of the entity. The Trust is just the sixth recipient of this award in Massachusetts. Only one other SRF in the country has received this recognition.

## Environmental Initiatives, Impact, Service Efforts, and Accomplishments During 2004

### ***Clean Water SRF Program***

In 2004, the Department of Environmental Protection (DEP) issued its 12th Clean Water State Revolving Fund (SRF) Intended Use Plan. The Intended Use Plan (IUP) is a list of projects and the fundable portion of the Annual Project Priority List. The IUP lists the top rated projects eligible for SRF loans to use the annual program funding capacity. Each year DEP requests municipalities to submit Project Evaluation Forms for water quality problems and solutions determined at the local level to be priority capital expenditures. Over the last several years the Trust has led the nation by funding an increasingly expansive variety and significantly growing volume of projects. The Trust's creative fund management and DEP's innovative program management have combined to create the fastest funding pace with the broadest range of project types in the nation. The sophisticated funding mechanism of the Trust uses high leveraging ratios and accelerated loan recycling to increase capital funds for innovative projects and stressed municipal budgets. DEP's expanded project eligibilities have allowed communities to seek capital funds to solve water pollution problems beyond the traditional wastewater management facilities. This year's



report will center on how two separate state agencies have combined skills to coordinate funding and projects to meet the evolving challenges municipalities are required to address by the Environmental Protection Agency (EPA) under Clean Water Act.

On the following page a three-year ranking of program indicator data compiled by EPA in the SRF National Information Management System reveals that Massachusetts is the only state listed amongst these leading EPA program indicators [for the last three consecutive fiscal years](#). The long-term goal of the SRF program is to facilitate municipal

compliance with the Clean Water Act. The Clean Water Act goal is to stop water pollution. The Commonwealth's objective is to create an aggressive low cost funding source with flexible program eligibilities to provide the municipality the opportunity to comply with the CWA using innovative technology. A measurement of that goal is the SRF program's ability to keep pace with the federal funding and programmatic flexibility provided to communities to use low cost financing and agile program options to solve a range of water quality improvement funding problems. On a national scale, the Commonwealth of Massachusetts has set the pace against which all other state programs are measured.

The volume of CWSRF dollars has risen rapidly due to the Trust's aggressive leveraging and recycling mechanisms. The ability of the Trust to generate and manage capital and DEP's ability to develop and manage projects has generated more than \$2.5 billion in program capacity through 2004. The Commonwealth's SRF program ranks third in dollar volume among the nation's fifty state programs and is only the 14<sup>th</sup> largest recipient of EPA funds.

## EPA NATIONAL INFORMATION MANAGEMENT SYSTEM STATE COMPARISON

## Fund Utilization (Loans Made as a Percent of Funds Available)

Rank	FY01 (Percent)	
1	Arizona	113
2	Massachusetts	112
3	New Hampshire	107
4	Kansas	105
5	Florida	104

**National Average** **91**

Rank	FY02 (Percent)	
1	Wisconsin	114
2	Kansas	109
3	Massachusetts	106
4	California	105
5	Connecticut	104

**91**

Rank	FY03 (Percent)	
1	Rhode Island	179
2	Wisconsin	117
3	Mississippi	108
4	New Hampshire	107
5	Arizona	105
6	New York	104
7	Florida	102
8	Massachusetts	101

**93**

## Assistance Provided (Loans Made as a Percent of Cap Grants)

Rank	FY01 (Percent)	
1	Massachusetts	334
2	Alabama	319
3	Minnesota	299
4	Texas	299
5	Connecticut	282

**National Average** **187**

Rank	FY02 (Percent)	
1	Massachusetts	340
2	Connecticut	322
2	Alabama	309
2	Kansas	304
2	Minnesota	296

**198**

Rank	FY03 (Percent)	
1	Rhode Island	449
2	Massachusetts	353
3	Minnesota	326
4	Alabama	312
5	Connecticut	308

**209**

## Gross Dollars Loaned

Rank	FY01 (Million \$)	
1	New York	4,928
2	Texas	2,919
3	Massachusetts	2,297
4	California	2,117
5	Ohio	1,814

**National Average** **672**

Rank	FY02 (Million \$)	
1	New York	5,808
2	Texas	3,058
3	Massachusetts	2,519
4	California	2,404
5	Ohio	2,075

**759**

Rank	FY03 (Million \$)	
1	New York	6,417
2	Texas	3,144
3	Massachusetts	2,770
4	California	2,742
5	Ohio	2,305

**852**

## Loans Made (Number of Projects Funded)

Rank	FY01	
1	Ohio	995
2	Massachusetts	896
3	Minnesota	782
4	New York	671
5	Delaware	645

**National Average** **219**

Rank	FY02	
1	Ohio	1,299
2	Massachusetts	967
3	Minnesota	895
4	New York	764
5	Delaware	750

**250**

Rank	FY03	
1	Ohio	1,484
2	Massachusetts	1,030
3	Minnesota	1,020
4	Delaware	832
5	New York	820

**278**

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## EPA NATIONAL INFORMATION MANAGEMENT SYSTEM STATE COMPARISON (continued)

## Disbursements

Rank	FY01 (Million \$)	
1	New York	4,747
2	Texas	2,842
3	California	1,763
4	Massachusetts	1,676
5	Ohio	1,337

**National Average** **560**

Rank	FY02 (Million \$)	
1	New York	5,621
2	Texas	2,996
3	California	1,980
4	Massachusetts	1,911
5	Ohio	1,535

**638**

Rank	FY03 (Million \$)	
1	New York	6,291
2	Texas	3,054
3	California	2,257
4	Massachusetts	2,166
5	Ohio	1,730

**713**

## Nonpoint Source Funding

Rank	FY01 (Million \$)	
1	New York	502
2	California	182
3	Massachusetts	136
4	New Hampshire	89
5	Ohio	82

**National Average** **27**

Rank	FY02 (Million \$)	
1	New York	601
2	California	189
3	Massachusetts	138
4	Ohio	111
5	New Hampshire	95

**32**

Rank	FY03 (Million \$)	
1	New York	638
2	California	189
3	Massachusetts	140
4	Ohio	128
5	New Hampshire	98

**34**

## CSO Funding

Rank	FY01 (Million \$)	
1	Michigan	723
2	Illinois	479
3	New York	377
4	California	176
5	Massachusetts	137

**National Average** **49**

Rank	FY02 (Million \$)	
1	Michigan	902
2	Illinois	485
3	New York	445
4	Massachusetts	203
5	California	182

**57**

Rank	FY03 (Million \$)	
1	Michigan	967
2	Illinois	562
3	New York	510
4	Rhode Island	287
5	Massachusetts	286

**70**

## Storm Sewers Funding

Rank	FY01 (Million \$)	
1	Massachusetts	42
2	Florida	23
3	North Dakota	12
4	Colorado	11
5	South Dakota	9

**National Average** **3**

Rank	FY02 (Million \$)	
1	Massachusetts	82
2	Florida	37
3	North Dakota	12
4	South Dakota	11
5	New Jersey	11

**4**

Rank	FY03 (Million \$)	
1	Massachusetts	87
2	Florida	52
3	New Jersey	14
4	South Dakota	13
5	North Dakota	12

**4**

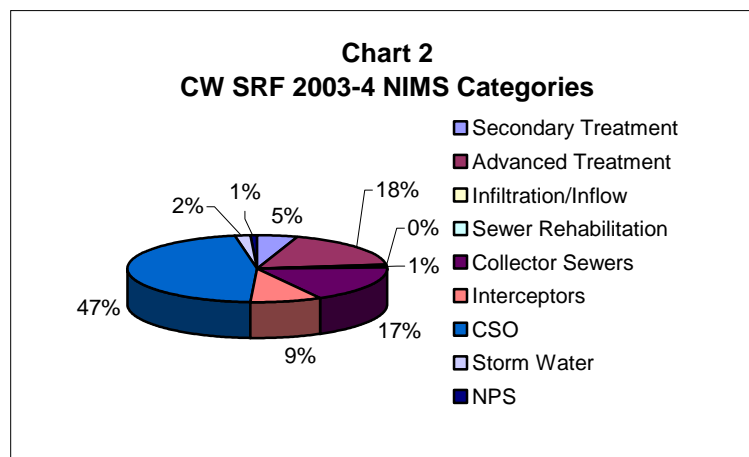
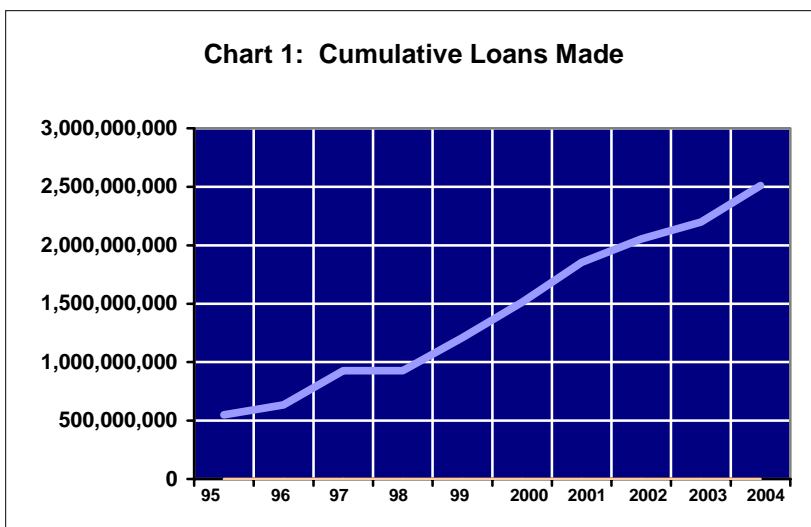
Source: 2003 EPA National Information Management System Data. Published November 2003.

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As the funds available for projects have risen at a rapid rate, the loans made are keeping up with the program's funding capacity. In 2004, the Trust made an additional \$225.9 million in loans pushing the aggregate program total over \$2.2 billion. Financed project categories include Non-Point Source (NPS), Combined Sewer Overflow (CSO), and Stormwater Management (SWM), and Wastewater collection and treatment systems.

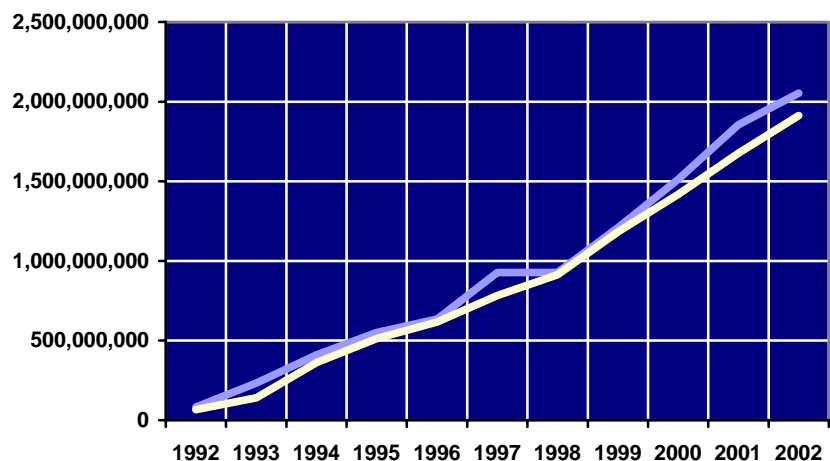
Chart 2 demonstrates the expansiveness of the

Commonwealth's priority setting process and the flexibility of the project evaluation review. The SRF priority setting process is geared towards funding the worst water quality problems. Water quality degradation and severity of the threat to public health are the key components of DEP's project evaluation.



Underlying all the programmatic success is the ability of the Trust and DEP to work jointly to keep pace with the enormous volume of loans. Chart 3 illustrates how rapidly the projects funded with SRF loans moved beyond the \$2 billion milestone. The top line is the cumulative volume of loans made ramping up from 1991 with a lower comparative line of cumulative disbursements made to borrowers from those loans during the same time period. There are several reasons for the narrow gap between the dollar amount of loans

made and the dollar volume of disbursements. This trend is partially due to the DEP regulatory requirement that any project requiring more than a 24-month building phase must be funded on a yearly basis. This has enabled DEP to plan projects on a cash flow basis each year thus allowing many smaller, less time consuming projects to proceed sooner. Since 1998 the IUP has on average redistributed \$50 million of SRF funds from large to small projects. That accumulates into \$200 million in reallocated project funds in just four IUPs.

**Chart 3: Cumulative Loans with Disbursements**

The gap is also narrowed by the joint commitment of the Trust and DEP to the SRF borrowers to process payments in less than ten days. This rapid payment process, coupled with a fast track construction procurement approval review, a construction management system that requires monthly project inspections, and rapid turnaround on change order requests and closeout documentation quickens the pace of the projects. Furthermore, most states typically require SRF borrowers to seek third party

interim project financing during construction while the SRF waits for the end of construction to provide the permanent funding source. This results in the typical SRF loan being committed to the borrower years before funds are disbursed and repayments begin. Alternatively, the Commonwealth program provides the interim loan as well as the permanent loan. The construction finance relationship fosters both a consistent cash flow in the contract management aspect of the project, as well as much needed monitoring of the project from DEP construction experts to drive the timely completion of the project. The result is a construction phase that achieves an average 3% savings on the total volume of loans and an average construction project term of just over two years. This has the beneficial effect of recovering at least 3% of every IUP within three years. Over the last ten IUPs the department has saved nearly \$60 million dollars in this manner, dollars that have been recycled back into the program as equity for new loans.

### ***Environmental Benefits***

The Commonwealth and its communities and wastewater districts derived or will derive extensive environmental and public health benefit from the investments listed on the Intended Use Plan. Among the IUP listing are projects to mitigate CSO discharges; projects to upgrade Wastewater Treatment Plants; sewer projects, including new construction and system rehabilitation; and non-point source pollution mitigation projects. Selection of these proposals as high priority financing objectives is the culmination of years of effort by the MA Department of Environmental Protection; which effort includes technical assistance, compliance activity, enforcement orders and long-range planning by the community. Each aspect of those efforts contributes to the overall success of the SRF program and the environmental or public health benefits described here as having been, or expected to be achieved by implementation of the projects, should not be construed to be entirely dependent upon SRF financing investments.

Projects that mitigate CSO discharges prevent hundred of millions of gallons of untreated sewage-contaminated stormwater from reaching receiving waters. Massachusetts selected 11 CSO construction and one CSO planning project in 2004. Untreated stormwater contains bacteria, metals, volatile organics and biosolids that are toxic to aquatic life and harmful to humans. CSO discharges cause numerous rivers and harbors to fail to meet water quality standards. The projects financed represent the first phase of the State's attempt to eliminate the

most egregious of the CSO outfalls, while the Commonwealth communities develop a long-term strategy that will strive to eliminate all CSO, with crippling the economy of the community.

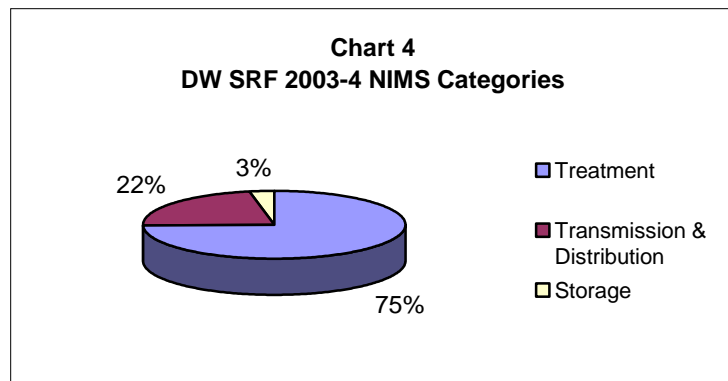
Ten wastewater treatment plant construction or rehabilitation projects were selected for financing. The benefit to these projects is not in most cases as readily apparent as with CSO projects. In many instances, the plants are fully compliant with their current NPDES limits, so problems such as overflows of untreated wastewater are not a problem. However, given the advanced age and size of the plants, they have a definite susceptibility to failure, making the SRF investment a pollution prevention approach to wastewater treatment. Among the wastewater project financed are several that will reduce nutrient loads such as nitrogen and phosphorous, to the receiving waters. EPA has taken aim on the affect of nutrient load to receiving waters and the NPDES limits for many wastewater facilities have, as a result been tightened. Reducing of the nutrient load improves water quality, as fewer algae blooms occur, more oxygen is available in the water column to indigenous species and the recreational value of the water body is enhanced.

Sewer projects account for thirteen of the construction projects to be financed. Two of the sewer projects involve removal of infiltration and inflow from systems, which has the benefit of reducing the volume of clean water that is treated unnecessarily and the volume of water that is transported way form its origin, which in some cases cause stress to the water cycle in the area. Other sewer projects repair or replace undersized or aged leaking pipes, eliminating the introduction of untreated sewage to the environment and the concurrent risk of public exposures. The remaining sewer projects are providing wastewater treatment conveyance for areas with widespread incidences of failed on-site septic systems. Failed systems create exposure problems for the residents in the service area, and tend to contribute significant volume of nutrients to the receiving waters, damaging the ecosystem and encouraging eutrophic conditions.

SRF investments, as part of an overall State strategy of compliance with and enforcement of the Clean Water Act, enhance protection of the public health, prevent, mitigate or reverse environmental damage to receiving waters and in most instances create economic benefits through construction and engineering jobs, increase opportunity for recreational and commercial opportunities and enhance the property values of real estate within eyesight of restored surface waters. Massachusetts uses the SRF financing mechanism to an extensive degree in benefit to its citizens.

### ***Safe Drinking Water SRF Program***

The Drinking Water SRF program has issued its seventh Intended Use Plan since its authorization in



1997. A total of \$258,717,622 in projects has been approved in that time. The IUP process is identical to the CWSRF with Safe Drinking Water Act (SDWA) criteria driving the project evaluation process. The DWSRF program typically funds four types of projects: treatment filtration construction and upgrade, transmission pipeline construction, storage and new source development. The primary focus of the program is to assist communities in reaching the standards for water treatment

set forth in the Safe Drinking Water Act. Since 1997, close to one hundred communities in the



Commonwealth have benefited from DWSRF financing. Large and small, municipally-owned and privately-owned systems have financed projects through SRF.

The 2004 program continues to invest significantly in treatment plant construction or upgrade. However, an increasing percentage of the financing is being dedicated to distribution system improvements. The trend suggests that the percentage spent on these projects, now just over 30%, will continue to grow because improvements on these systems are the largest capital cost facing the Commonwealth's public water systems.

The Drinking Water SRF also funded a variety of set-aside initiatives such as capacity development to allow system operators to maintain compliance with the SDWA, wellhead protection assessments, source water delineation and protection and small system technical assistance.

### **Public Health Benefits**

Projects financed via the Drinking Water State Revolving Fund program enhance and protect the public health, by providing water that is safe to drink. As emerging science describes and quantifies the risk to public health from various organic and inorganic contaminants, treatment technologies and strategies are devised to protect water consumers from those risks. DW SRF financing is used to put these treatment technologies on-line in water systems across Massachusetts.



Benefit from DWSRF investment is, however, difficult to quantify. It is close to instinctual, human search for water that appears clean and safe to drink. The earliest efforts at public sanitation and public health revolved around protecting the drinking water. So while as a society we place great value on safe drinking water, and invest huge sums of money to that end, in a sense the benefit that investment is invisible. The numbers of citizens who avoid water-borne illness and even death, resulting from drinking acutely contaminated water is not empirical, and can only be arrived at through public health modeling.

### **Acknowledgments**

This report, as well as all of the activities of the Trust, is the result of the hard work and coordinated efforts of the numerous people who comprise the Trust, as well as our colleagues in other state agencies and the professional experts who assist us. Without these efforts, the Trust could not continue to deliver its programs and financial assistance to the people of the Commonwealth. To this team of professionals – within our organization and outside of this organization – our deepest gratitude. I hope that we can all continue to work together in the upcoming years to provide the support necessary to continue to improve the environment of the Commonwealth through the provision of affordable capital to finance additional important environmental infrastructure projects.

Respectfully submitted,

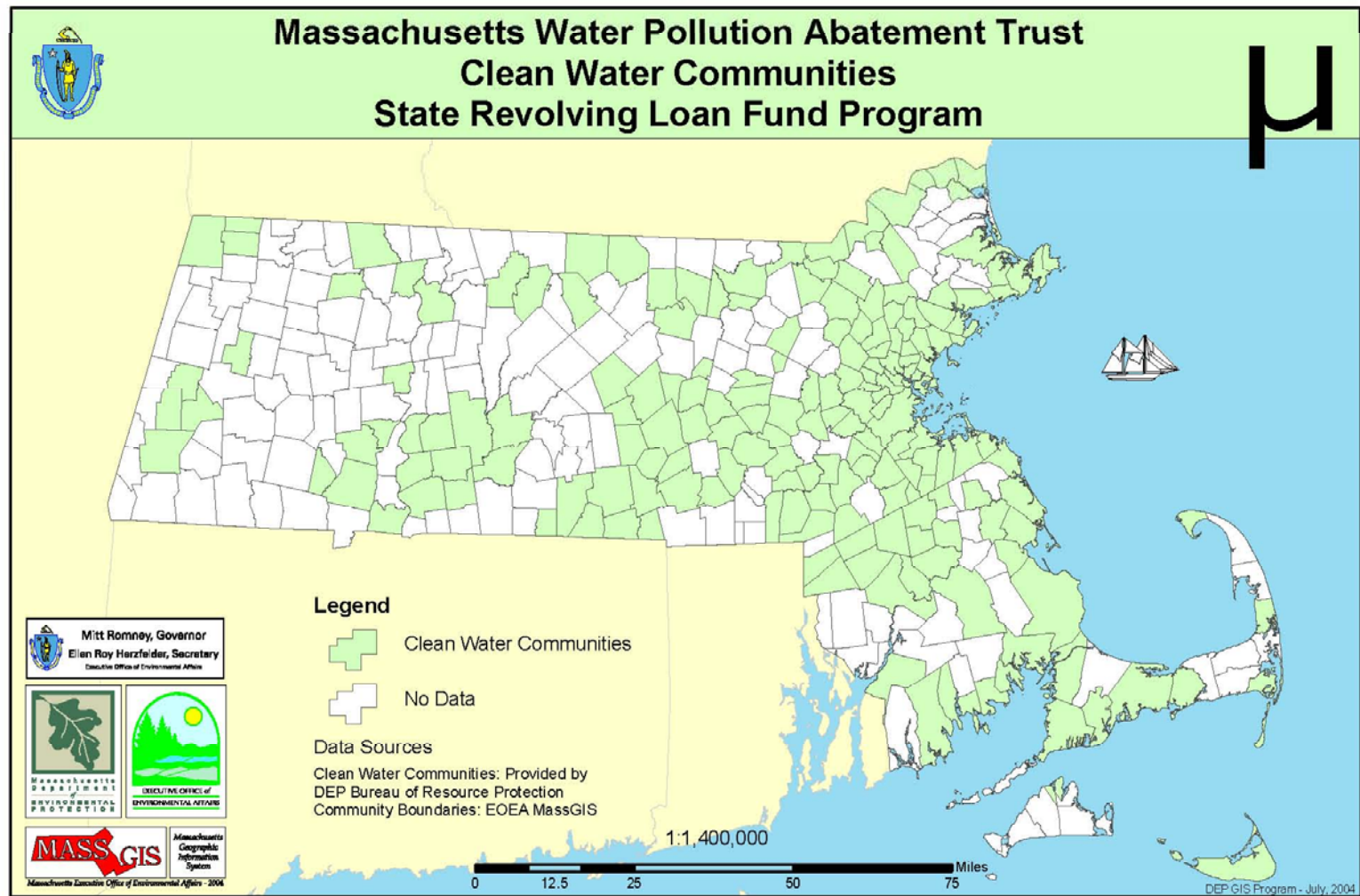


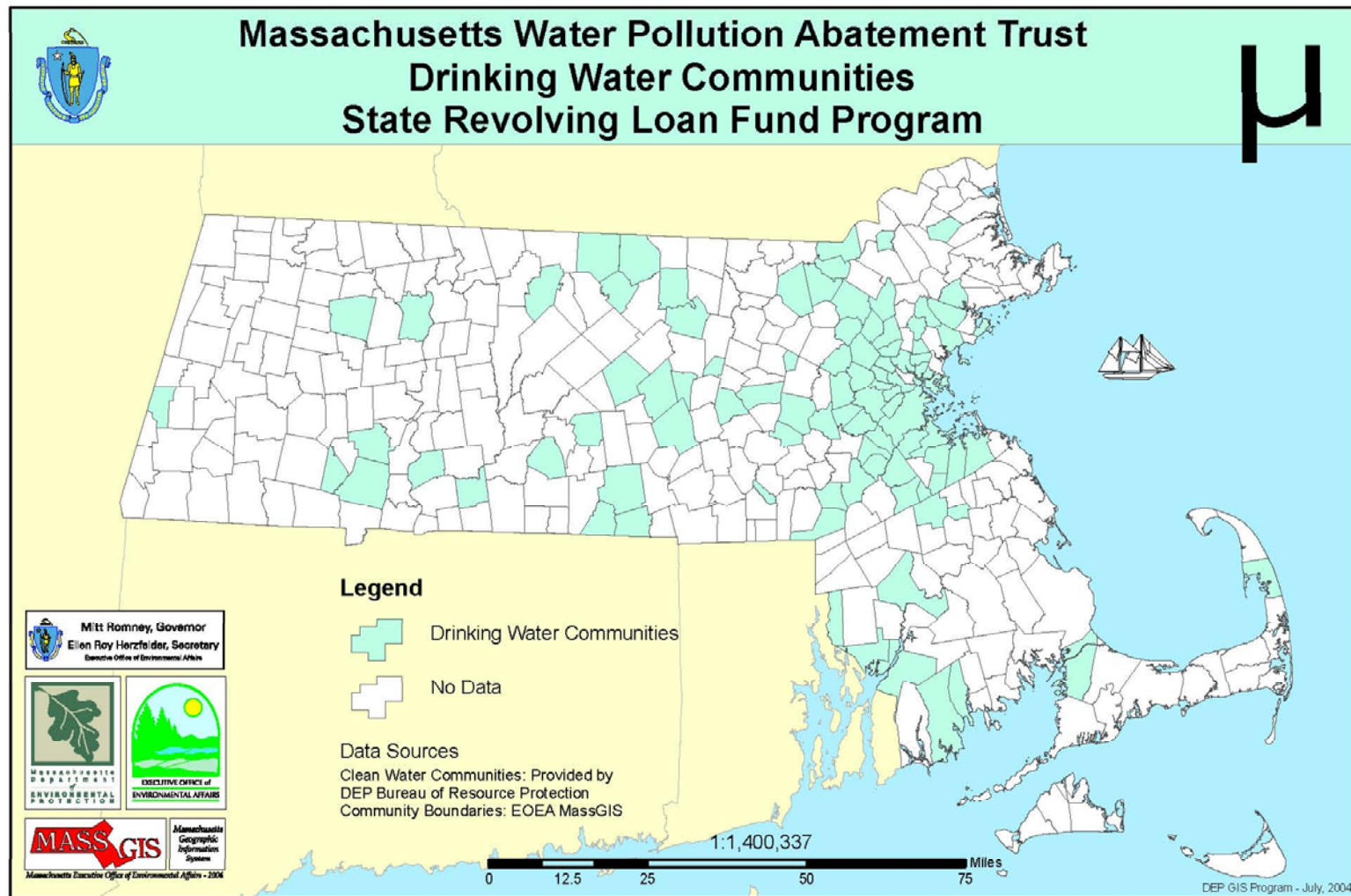
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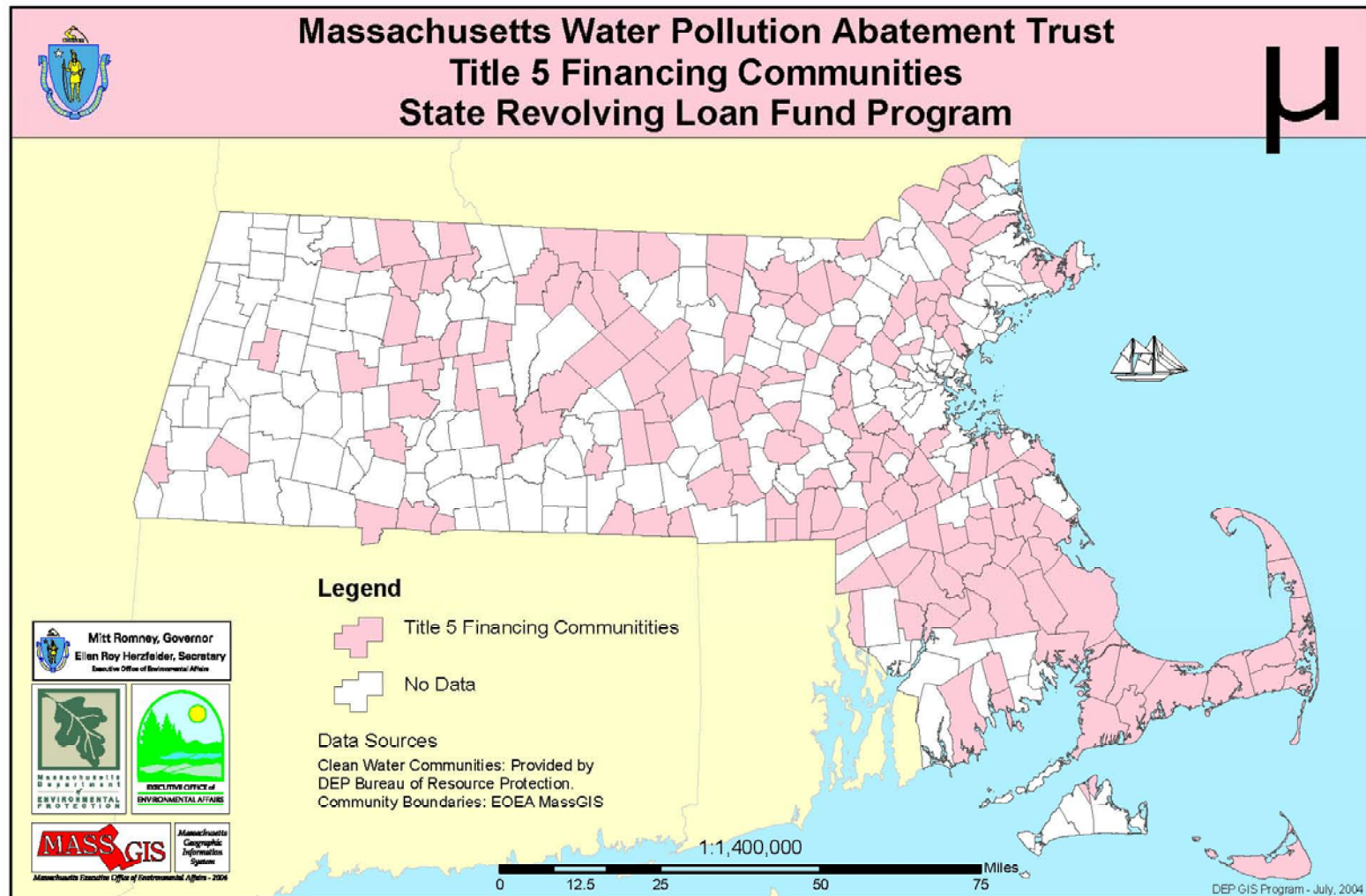
Treasurer

October 22, 2004









Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

Massachusetts Water  
Pollution Abatement Trust

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

A Certificate of Achievement for Excellence in Financial  
Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
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standards in government accounting  
and financial reporting.



*Nancy L. Zielke*  
President

*Jeffrey R. Enen*  
Executive Director

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Massachusetts Water Pollution Abatement Trust  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**Financial Section**

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99 High Street  
Boston, MA 02110-2371

Telephone 617 988 1000  
Fax 617 988 0800

## **Independent Auditors' Report**

The Board of Trustees  
Massachusetts Water Pollution Abatement Trust:

We have audited the accompanying financial statements of the Massachusetts Water Pollution Abatement Trust (the Trust), a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2004 and 2003, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 22, 2004, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,







and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Trust. The combining financial schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

October 22, 2004

**MASSACHUSETTS WATER  
POLLUTION ABATEMENT TRUST**  
(A Component Unit of the Commonwealth of Massachusetts)

Required Supplementary Information  
Management's Discussion and Analysis

**Management's Discussion and Analysis**

The following is management's discussion and analysis of the financial position and activities of the Massachusetts Water Pollution Abatement Trust (the Trust), a component unit of the Commonwealth of Massachusetts, for the fiscal years ended June 30, 2004 and 2003. This discussion is a narrative overview and analysis of our financial activities and should be read in conjunction with the accompanying financial statements.

**Financial Highlights – Fiscal 2004**

- Assets exceed liabilities by \$1.3 billion, a 2.6% increase over FY03, at the close of the fiscal year. Included in this number is loans receivable, which increased from \$2.1 billion in FY03 to \$2.3 billion in FY04.
- Net assets increased by \$34.5 million from last year, an increase of 2.64%.
- Operating loss decreased by \$20.1 million from FY03.
- The statement of cash flows indicates an increase in cash for the year of \$27.1 million.
- In FY04, the Trust continued to receive its Capitalization Grants from the Environmental Protection Agency in both the Clean Water and Safe Drinking Water programs. The Trust received no funding from the Clean Water Program but received \$28.6 million in the State Drinking Water Program. The Commonwealth provided a match of \$9.2 million for these federally funded programs. This has allowed the Trust to continue to expand the base of capital in the Revolving Fund and support the administrative costs without having to heavily rely on the Commonwealth of Massachusetts to keep the program viable.
- The Trust continues to maintain its ratings from all three major rating agencies on our bonds, thus allowing the Trust to continue to provide funds to communities at the lowest cost possible. The Trust's current ratings are:

<u>Ratings on Trust debt</u>	<u>Fitch IBCA</u>	<u>Moody's Investor's Service, Inc.</u>	<u>Standard &amp; Poor's</u>
Pooled Loan Program	AAA	Aaa	AAA
MWRA Loan Program	AA+ – AAA	Aaa	
New Bedford Loan Program	AA – AAA	Aaa (insured) Aa3 (underlying)	
South Essex Sewerage District Loan Program	AA	Aaa	

**Financial Highlights – Fiscal 2003**

- Assets exceed liabilities by \$1.3 billion, a 5% increase over FY02, at the close of the fiscal year. Included in this number is loans receivable, which increased from \$1.8 billion in FY02 to \$2.1 billion in FY03.
- Net assets increased by \$65 million from last year, a net change of 5%.
- Operating income decreased by \$32.3 million from FY02.

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- The statement of cash flows indicates a negative change in cash for the year of \$7.4 million.
- In FY03, the Trust continued to receive its Capitalization Grants from the Environmental Protection Agency in both the Clean Water and Safe Drinking Water programs. The Trust received \$45.0 million for the Clean Water Program and \$28.8 million in the State Drinking Water Program. The Commonwealth provided a match of \$9.1 million for these federally funded programs. This has allowed the Trust to continue to expand the base of capital in the Revolving Fund and support the administrative costs without having to heavily rely on the Commonwealth of Massachusetts to keep the program viable.
- The Trust continues to maintain its ratings from all three major rating agencies on our bonds, thus allowing the Trust to continue to provide funds to communities at the lowest cost possible. The Trust's current ratings are:

<u>Ratings on Trust debt</u>	<u>Fitch IBCA</u>	<u>Moody's Investor's Service, Inc.</u>	<u>Standard &amp; Poor's</u>
Pooled Loan Program	AAA	Aaa	AAA
MWRA Loan Program	AA+ – AAA	Aaa	
New Bedford Loan Program	AA – AAA	Aaa (insured) Aa3 (underlying)	
South Essex Sewerage District Loan Program	AA	Aaa	

### Overview of Financial Statements

The financial section of this report consists of the following parts: management's discussion and analysis (this section), the basic financial statements and the notes to the financial statements.

The Trust's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government enterprise funds. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned, and expenses are recorded when incurred. The basic financial statements include statements of net assets, statements of revenues, expenses, and changes in net assets, and statements of cash flows. This report also includes footnotes accompanying the statements to fully explain the activities reported in them.

The statements of net assets present information on the assets and liabilities of the Trust. The difference between the two is net assets. Over time, increases and decreases in net assets may be an indicator of the strength or deterioration of the financial health of the Trust.

The statements of revenues, expenses, and changes in net assets report the operating revenues and expenses and the nonoperating revenues and expenses of the Trust for the fiscal year. The difference – increase or decrease in net assets – then determines the net change in assets for the fiscal year. This change in net assets added to last year's net assets will reconcile to the total net assets for this fiscal year.

The statements of cash flows report activity of cash and cash equivalents during the fiscal year resulting from operating activities, capital and related financing activities, noncapital financing activities, and investing

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Management's Discussion and Analysis

activities. The net result of these activities is reconciled to the cash and cash equivalent balances reported at the end of the fiscal year. This statement is prepared using the direct method of presentation which allows the reader to easily discern the amount of cash received from grantors, borrowers and financial institutions and how much cash was disbursed to borrowers, suppliers and bondholders.

**Financial Analysis of the Trust**

**Net Assets**

The Trust's net assets at June 30, 2004 were approximately \$1.3 billion, a 2.6% increase over the prior year (see Table A-1). Total assets increased 8.2% to \$3.8 billion, and total liabilities increased 11.4% to \$2.5 billion.

The Trust's net assets at June 30, 2003 were approximately \$1.3 billion, a 5.2% increase over the prior year (see Table A-1). Total assets increased 15.6% to \$3.6 billion, and total liabilities increased 22.6% to \$2.3 billion.

**Table A-1**  
**Massachusetts Water Pollution Abatement Trust's Net Assets**  
(In thousands)

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>Percentage change</b>	
				<b>2004-2003</b>	<b>2003-2002</b>
Current assets	\$ 671,128	676,854	591,341	(1)%	14%
Loans receivable, long term	2,181,641	1,966,473	1,706,689	11	15
Other	994,504	911,835	777,206	9	17
<b>Total assets</b>	<b>\$ 3,847,273</b>	<b>3,555,162</b>	<b>3,075,236</b>	<b>8</b>	<b>16</b>
Current liabilities	\$ 172,987	157,806	139,273	10	13
Long-term debt	2,210,839	1,983,986	1,663,989	11	19
Other	124,180	108,568	32,044	14	239
<b>Total liabilities</b>	<b>\$ 2,508,006</b>	<b>2,250,360</b>	<b>1,835,306</b>	<b>11</b>	<b>23</b>
Net assets:					
Restricted	\$ 1,118,461	1,109,261	1,026,312	1	8
Unrestricted	220,806	195,541	213,618	13	(8)
<b>Total net assets</b>	<b>\$ 1,339,267</b>	<b>1,304,802</b>	<b>1,239,930</b>	<b>3</b>	<b>5</b>

**MASSACHUSETTS WATER  
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Notwithstanding a declining interest rate environment, the Trust achieved higher interest income in FY04 and FY03 than was earned in FY03 and FY02, respectively. This was due to successful bids on the Guaranteed Investment Contracts necessary to support the Debt (Pool 9, Pool 8, and MWRA) transactions and by moving available, investible cash used to make interim loans from the Massachusetts Municipal Depository Trust (MMDT) into more lucrative tax-exempt, short-term instruments that had much higher yields. All of the Trust investment activities are subject to the Treasurer and Receiver General's investing policy.

**Long-Term Debt**

The Trust incurs long-term debt in order to generate funds for communities for their construction projects under the Clean Water and Drinking Water programs. This debt is offset by the loans receivable carried on the Trust's Statements of Net Assets as the debt service requirements of this debt are secured by loan repayments by the borrowers and investment and Commonwealth subsidies.

In FY04, the Trust's long-term debt position increased by \$238.9 million to \$2.3 billion. This increase is the net change in long-term debt due to the issuance of the Pooled Loan Program, Series 9 issue of \$311.6 million which was totally earmarked for new construction funding. The Trust also retired an additional \$87.2 million of outstanding principal through regular payments to bondholders.

In FY03, the Trust's long-term debt position increased by \$397 million to \$2.1 billion. This increase is the net change in long-term debt due to the issuance of the Pooled Loan Program, Series 8 issue of \$266.9 million and the MWRA Loan Program, Series 2002A of \$124.8 million which was totally earmarked for new construction funding. The Trust also retired an additional \$73.1 million of outstanding principal through regular payments to bondholders.

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Management's Discussion and Analysis

**Table A-2**  
**Changes in the Massachusetts Water Pollution Abatement Trust's Net Assets**  
(In thousands)

	June 30,			Percentage change	
	2004	2003	2002	2004-2003	2003-2002
Operating revenues:					
Interest income	\$ 135,715	124,223	118,210	9%	5%
Other	2,040	3,219	2,918	(37)	10
Total operating revenues	137,755	127,442	121,128	8	5
Operating expenses:					
Interest expense	114,676	111,194	92,515	3	20
Grant disbursements	15,422	25,405	—	(39)	
Program support	15,394	19,332	19,795	(20)	(2)
Other	3,466	2,790	7,791	24	(64)
Total operating expenses	148,958	158,721	120,101	(6)	32
Operating income (loss)	(11,203)	(31,279)	1,027	(64)	(3,146)
Nonoperating (expenses) revenues:					
Operating grants	7,853	13,202	9,584	(41)	38
Capitalization grants	37,815	82,949	67,849	(54)	22
Total nonoperating income	45,668	96,151	77,433	(53)	24
Change in net assets	34,465	64,872	78,460	(47)	(17)
Total net assets, beginning of year	1,304,802	1,239,930	1,161,470	5	7
Total net assets, end of year	\$ 1,339,267	1,304,802	1,239,930	3	5

The increase in operating revenues from 2003 to 2004 by 8% is due primarily to a 9% increase in interest income, which resulted from the increased cash and investments generated through the issuance of the Pool 9 debt and realignment of investments due to market conditions. This increase was offset by a 37% decrease in other income due to a decrease in Loan Administration fees as a result of principal balances being reduced while new fees from the Pool 9 issuance had not yet been implemented and a decrease in loan origination fees generated from Interim Loans because the Pool 9 issuance. Nonoperating revenues decreased by 53% due to a reduction in EPA capitalization grants and the timing of the receipt of those grants.

Operating expenses decreased by 6% due to the decreases in grant disbursements and program support.

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The increase in operating revenues from 2002 to 2003 by 5% is due primarily to three factors. First, the Trust experienced a 5% increase in interest income, which is primarily the result of the increased cash and investments generated through the issuance of the Pool 8 and MWRA debt and realignment of investments due to market conditions. The second factor was a 10% increase in other income due to a increase in Loan Administration fees as a result of the new fees from the Pool 8 and MWRA issuances being implemented even as some principal balances were being reduced through loan repayments. Third, there was an increase in loan origination fees generated from Interim Loans because the Pool 8 was issued later in the construction season and communities required "bridge" financing to get them through construction as they waited for the Trust to do its next bond issue. Nonoperating revenues decreased by 9% due to the timing of and receipt of EPA capitalization grants and disbursements against those grants.

Operating expenses increased by 32% due to the increase in interest expense which is due to the issuance of the Pool 8 and MWRA bonds and the grants disbursed to local borrowers.

**Loans Receivable**

Subsidized financing has been an important incentive for many communities to undertake water and sewer infrastructure improvement projects. Since the enactment of Chapter 95 of the Acts of 1995, which raised the level of loan subsidy on a prospective basis, the Trust has experienced a major increase in of loan activity.

As the result of state legislation that was enacted early in FY01, the subsidy levels for projects first appearing on an Intended Use Plan (IUP) in calendar year 2002 or later will be reduced. Rather than the current interest rate of approximately 0%, loans for those projects will be made at a rate of 2%. This increase in the interest rate is linked to a decision whereby the Trust will provide additional capacity for loans by leveraging its equity by a 3:1 ratio in the future rather than at the current standard ratio of 2:1. With the change in leveraging ratio, the Trust expects to be able to provide almost 50% more financing for eligible projects. Despite the increase in cost to each borrower, the Commonwealth's projected commitment to provide subsidy funding through contract assistance payments is expected to continue to grow, but at a much slower rate, since the Trust will be able to provide more capital to borrowers due to the change in the leveraging ratio. Even with this effective reduction in the subsidy levels offered to the communities, the program continued to expand, with the Trust's loan receivables increasing \$245.0 million to \$2.09 billion, an increase of 12%, in FY03 and \$223.5 million to \$2.3 billion, an increase of 10.7%.

**Future Economic Factors**

In August 2002, the Commonwealth enacted Chapter 276 of the Acts of 2002. Sections 4 and 5 of the Act providing for \$46.5 million in matching capitalization funds for the Federal Clean and Drinking Water programs for the fiscal years of 2003 to 2007.

**Requests for Information**

This financial report is intended to provide an overview of the financial picture of the Massachusetts Water Pollution Abatement Trust for those with an interest in the agency. Any further questions regarding any of the information contained with in this report may be directed to the Executive Director or the Treasurer at One Ashburton Place, 12th Floor, Boston, MA 02108.

**MASSACHUSETTS WATER  
POLLUTION ABATEMENT TRUST**  
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Net Assets

June 30, 2004 and 2003

(In thousands)

	<u>2004</u>	<u>2003</u>
Assets:		
Current assets:		
Cash and cash equivalents (note 3)	\$ 252,615	225,511
Project fund cash (note 3)	145,892	133,146
Short-term investments (note 3)	53,201	49,551
Grants receivable:		
U.S. Environmental Protection Agency	15,243	76,563
Commonwealth of Massachusetts	15,650	18,150
Loans receivable, current (note 5)	128,222	119,861
Accrued interest receivable	60,299	52,807
Loan servicing fees receivable	6	1,265
Total current assets	<u>671,128</u>	<u>676,854</u>
Noncurrent assets:		
Loans receivable, long-term (note 5)	2,181,641	1,966,473
Long-term investments (note 3)	990,053	907,298
Other assets	4,451	4,537
Total assets	<u>3,847,273</u>	<u>3,555,162</u>
Liabilities:		
Current liabilities:		
Accrued expenses	371	360
Accrued interest payable	48,810	44,515
Current portion:		
Loan commitments and project funds payable	24,546	25,686
Long-term debt (note 6)	99,260	87,245
Total current liabilities	<u>172,987</u>	<u>157,806</u>
Noncurrent liabilities:		
Loan commitments and project funds payable	122,785	107,451
Accrued interest on capital appreciation bonds	1,395	1,117
Long-term debt, net (note 6)	2,210,839	1,983,986
Total liabilities	<u>2,508,006</u>	<u>2,250,360</u>
Net assets:		
Restricted (note 7)	1,118,461	1,109,261
Unrestricted (note 7)	220,806	195,541
Commitments and contingencies (note 8)		
Total net assets	<u>\$ 1,339,267</u>	<u>1,304,802</u>

See accompanying notes to financial statements.



**MASSACHUSETTS WATER  
POLLUTION ABATEMENT TRUST**  
(A Component Unit of the Commonwealth of Massachusetts)  
Statements of Revenues, Expenses, and Changes in Net Assets  
Years ended June 30, 2004 and 2003  
(In thousands)

	<u>2004</u>	<u>2003</u>
Operating revenues:		
Loan servicing fees	\$ 1,831	2,837
Loan origination fees	209	382
Interest income	135,715	124,223
Total operating revenues	<u>137,755</u>	<u>127,442</u>
Operating expenses:		
Commonwealth of Massachusetts:		
Department of Environmental Protection – programmatic support costs	15,394	19,332
General and administrative	1,373	2,682
Arbitrage rebate payments	2,093	108
Grant disbursements	15,422	25,405
Interest expense	114,676	111,194
Total operating expenses	<u>148,958</u>	<u>158,721</u>
Operating (loss) income	<u>(11,203)</u>	<u>(31,279)</u>
Nonoperating revenue:		
Operating assistance:		
U.S. Environmental Protection Agency	—	5,349
Commonwealth of Massachusetts	7,853	7,853
Capitalization grant revenue (expense):		
U.S. Environmental Protection Agency capitalization grants	28,615	73,749
Commonwealth of Massachusetts matching grants	9,200	9,200
Total nonoperating revenue	<u>45,668</u>	<u>96,151</u>
Increase in net assets	34,465	64,872
Beginning of year net assets	<u>1,304,802</u>	<u>1,239,930</u>
End of year net assets	<u>\$ 1,339,267</u>	<u>1,304,802</u>

See accompanying notes to financial statements.

**MASSACHUSETTS WATER  
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Statements of Cash Flows  
Years ended June 30, 2004 and 2003  
(In thousands)

	<b>2004</b>	<b>2003</b>
Cash flows from operating activities:		
Cash received from borrowers	\$ 119,861	134,645
Interest received	126,737	117,703
Other cash received from customers	3,299	3,031
Loans and grants disbursed to recipients	(344,619)	(332,703)
Cash paid to suppliers	(18,763)	(20,664)
Interest paid	(109,506)	(104,603)
Net cash used for operating activities	(222,991)	(202,591)
Cash flows from capital and related financing activities:		
Proceeds from USEPA capitalization grants	89,935	96,628
Proceeds from Commonwealth matching capitalization grants	11,700	11,700
Net cash used by capital and related financing activities	101,635	108,328
Cash flows from noncapital financing activities:		
Bonds proceeds	327,002	407,788
Repayment of bonds	(87,245)	(73,050)
Operating assistance from U.S. EPA	—	5,349
Operating assistance from Commonwealth of Massachusetts	7,853	7,853
Net cash provided by noncapital financing activities	247,610	347,940
Cash flows from investing activities:		
Purchases of investments	(666,901)	(1,072,209)
Proceeds from maturities of investments	567,751	811,100
Net cash (used) provided by noncapital financing activities	(99,150)	(261,109)
Net decrease in cash and cash equivalents	27,104	(7,432)
Cash and cash equivalents, beginning of year	225,511	232,943
Cash and cash equivalents, end of year	\$ 252,615	225,511
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (11,203)	(31,279)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Amortization	(611)	1,428
Changes in operating assets and liabilities:		
Loans receivable	(223,529)	(245,000)
Accrued interest receivable	(7,492)	(6,520)
Loan servicing fees receivable	1,259	(188)
Other assets	86	(1,896)
Accrued expenses	11	28
Accrued interest payable	4,295	6,592
Loan commitments and grants payable	14,193	74,244
Net cash used for operating activities	\$ (222,991)	(202,591)

See accompanying notes to financial statements.

**MASSACHUSETTS WATER  
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June 30, 2004 and 2003

**(1) Organization**

The Massachusetts Water Pollution Abatement Trust (the Trust), a component unit of the Commonwealth of Massachusetts (the Commonwealth), was created by Chapter 275 of the Acts of 1989 of the Commonwealth (the Act) to implement the State Revolving Fund (the SRF) Program for the Commonwealth, contemplated by Title VI of the Federal Clean Water Act (the CWA). The Trust is a state authority and is governed by a board of trustees consisting of the State Treasurer, the Secretary of the Executive Office for Administration and Finance, and the Commissioner of the Department of Environmental Protection (the DEP).

The financial and management activities of the Trust are administered by employees of the State Treasurer's office. The project oversight and direction is provided by the DEP. Certain financial oversight is provided by the Executive Office for Administration and Finance. The Trust commenced operations in June 1990. The long-term goals of the Trust include creating and implementing an SRF program that provides a source of financing for water pollution abatement projects (the projects). Construction of projects on the National Municipal Policy List, the cleanup of Boston Harbor, and the correction of combined sewer overflows (CSO) are prime focuses for the federal SRF Program.

The Trust is authorized by the Act to borrow money through the issuance of revenue bonds and to apply the proceeds thereon, together with federal and state capitalization grants and other funds made available to the Trust, to make loans to local governmental units to finance the costs of eligible water pollution abatement projects (the Leveraged Loan Program).

During fiscal 1993, the legislature enacted an amendment to the Act. This law, Chapter 203 of the Acts of 1992 (Chapter 203), states that all eligible loans made by the Trust can have subsidies that accomplish a grant equivalency of 25%. This amendment further directs that certain projects on the DEP's Intended Use Plan prior to 1992 should receive higher subsidy levels.

Chapter 203 also reduces the total authorization for Commonwealth general obligation bonds for the Trust from \$1.3 billion to \$122 million. State matching funds for the federal SRF and reserve funds for the Commonwealth SRF continue to be funded through a general obligation bond source. However, all subsidy contributions now come from a Commonwealth Contract Assistance Agreement that is provided through the Commonwealth's annual operating budget and cannot exceed \$26 million in any one fiscal year. This has the net effect of reducing authorized Commonwealth debt while still ensuring funding for a perpetual state revolving fund.

During fiscal 1994, the Trust established an Interim Loan Program and a Small Direct Loan Program for local government units' borrowing needs. The Interim Loan Program provides temporary short-term financing to local government units that are to be subsequently refinanced through permanent leveraged loans. The Small Direct Loan Program finances single small projects where leveraged loans would not be financially feasible for the local government units.

During fiscal 1996, the Commonwealth approved an amendment to Chapter 29C of the General Laws to provide a subsidy or other assistance equivalent to a grant of 50% of the eligible costs of the project

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financed by the loan. The amendment is applicable for all loans issued after October 1, 1995. This amendment provides additional subsidy levels of up to \$8 million annually.

Amendments to the federal Safe Drinking Water Act adopted in 1996 provide for the establishment of additional state revolving fund programs to provide financial assistance to various community water systems (including for-profit companies) and not-for-profit noncommunity water systems for expenditures that will facilitate compliance with national drinking water regulations or otherwise advance the health protection objectives of the Safe Drinking Water Act. The Safe Drinking Water Act and draft regulations and other guidance issued by the United States Environmental Protection Agency contemplate that state revolving fund programs established in accordance with the Safe Drinking Water Act will operate under terms and conditions substantially similar to programs developed under the federal Clean Water Act. In addition, the amendments to the Safe Drinking Water Act provide Authority for the consolidation of a Safe Drinking Water Act revolving fund with a Clean Water Act revolving fund for purposes of investment and the issuance of, and security for, bonds.

During fiscal 1998, the Trust created a new fund to account for the receipts and disbursements in conjunction with the Commonwealth's Title V regulations. The Community Septic Management Program Fund is the recipient of amounts bonded for in the Third Pooled Loan Program Financing on April 29, 1997 and the Fourth Pooled Loan Program Financing on December 9, 1998. It also is used for pass-through assistance payments from the Commonwealth to communities to fund administrative costs in setting up loan programs to homeowners at the community level.

The Enabling Act was amended by the Massachusetts legislature on April 2, 1998 to authorize the Trust to establish a revolving fund program under the Safe Drinking Water Act.

In fiscal year 2000, the State legislature passed new legislation which changed the level of subsidies on Trust loans from the 50% grant equivalency level to a flat 2% interest rate to be charged on loans for new projects appearing on the calendar year 2002 intended use plan, going forward. This was in order to mitigate step increases in contract assistance commitments by the Commonwealth while the Trust could increase its leveraging capacity from 2:1 to 3:1 in an effort to get more money to more projects at the local level.

**(2) Summary of Significant Accounting Policies**

The accounting policies of the Trust conform to generally accepted accounting principles as applicable to government enterprises. The following is a summary of the Authority's significant accounting policies:

**(a) Basis of Presentation**

The Trust's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as specified by the Governmental Accounting Standards Board's requirements for an enterprise fund. Operating revenues and expenses are generated through the issuance of loans to local government units within the Commonwealth. All other revenues and expenses are reported as nonoperating revenues and expenses.

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Under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Trust has elected to apply all Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, except those that conflict with or contradict GASB pronouncements.

**(b) Cash and Cash Equivalents**

The Trust's policy is to treat all highly liquid investments with original maturities of three months or less as cash and cash equivalents.

**(c) Investments**

Investments are carried at fair value. Where applicable, fair values are based upon quotations from national security exchanges.

Under the Massachusetts Water Pollution Abatement Trust Program Resolutions (the Resolutions), as amended and supplemented at various bond sale dates, the Trust must maintain certain investment funds in the Federal SRF Loan Program and Commonwealth SRF Loan Program with State Street Bank & Trust Company (the Trustee). The types of funds held by the Trustee are in the following accounts:

*Equity Accounts* – The Equity Fund consists of cash and cash equivalents which are currently held at the Massachusetts Municipal Depository Trust (MMDT). The Equity Fund is comprised of both a federal program account and a Commonwealth program account and can be used for programmatic costs and operating expenses within the Federal SRF Loan Program or Commonwealth SRF Loan Program, as applicable. These funds are derived from: (1) funds drawn by the Trust from federal capitalization grants and Commonwealth matching funds; (2) other amounts paid to the Trust representing financial assistance provided pursuant to the Act for purposes of deposit in the Federal SRF Loan Program; (3) other amounts appropriated to the Trust by the Commonwealth for purposes of the Federal SRF Loan Program or Commonwealth SRF Loan Program; (4) direct loan repayment; (5) interest earnings on investment or deposits of amounts held in the Equity Fund; and (6) amounts transferred from the Debt Service Reserve Fund as a result of loan repayments in accordance with the provisions specified in the Resolutions.

*Interim Loan Accounts* – The Interim Loan Fund has been established to fund temporary loans in anticipation of permanent leveraged borrowings. The source of funds is the Equity Fund.

*Project Accounts* – The Project Funds disburse bond proceeds to borrowers as needed. These funds are restricted by the bond resolutions and are to be applied solely to the payment or refinancing of costs associated with the applicable project. When all costs have been paid, any amounts remaining unexpended in the Project Funds can be applied to the repayment of the applicable loan service to bondholders. The monies are derived from semiannual loan repayments, which include payments from borrowers, interest earnings on the Debt Service Reserve Funds, and Commonwealth contract assistance payments.

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*Debt Service Reserve Accounts* – Debt Service Reserve Funds consist of reserve requirements equal to 50% of the principal amount outstanding on Clean Water bonds and 40% on Drinking Water bonds. For bonds issued for finance loans authorized on the current year 2002 intended use plan and moving forward, the debt service reserve fund requirement drops to 33.33% of the outstanding principal. In accordance with each bond resolution, amounts are transferred from the Equity Fund to the particular Debt Service Reserve Funds. Interest earnings on the Debt Service Reserve Funds are transferred to their corresponding Revenue Fund and used for debt service payments.

*Debt Service Accounts* – Debt Service Funds are used as a pass-through of principal and interest from the Revenue Funds to the bondholders. The Debt Service Funds are also used to hold accrued interest on the bonds to be applied to pay a portion of the interest due on the bonds.

**(d) Capital Assets**

The Trust's capital asset capitalization policy conforms with the Commonwealth's threshold of \$15,000. As of June 30, 2004 and 2003, the Trust did not have any capital assets.

**(e) Loan Origination Fees and Costs of Issuance**

Fees received and certain direct costs incurred, relating to the origination of loans, have been deferred and are included with loans receivable in the accompanying balance sheets. Loan origination fees and costs are amortized over the life of the loans to which the fees and costs relate using the level-yield method. Origination fees charged to leveraged borrowers are capped at the estimated costs of leveraged transactions as proposed in the Trust's administrative budget and allocated to all borrowers, excluding the Title V program.

**(f) Risk Financing**

The Trust is not insured for casualty, theft, tort claims, or other losses. No amounts have been accrued for such losses as they are not considered material. As discussed in note 1, all financial, management and project oversight activities are provided by employees of the State Treasurer's Office, DEP, and the Executive Office for Administration and Finance. These employees are covered under the Commonwealth's workers' compensation and group insurance programs. The cost of these programs is allocated to the Trust, through the fringe benefit allocation. As described in note 4, the Trust is only allowed to expend up to 4% of the federal capitalization grant on program administration costs; therefore, any costs in excess of this amount will be borne by the Commonwealth. As a result, no liability for workers' compensation or group insurance has been recorded by the Trust.

**(g) Capitalization Grants**

Funding from federal capitalization grants and state matching grants are recorded as nonoperating revenues.

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**(h) Other Assets**

Other assets consist of the unamortized portion of bond issue costs, which are amortized using the straight-line method over the life of the bonds, and deferred charges, which are “unreclassified” state appropriations for matching funds that are allocated to administrative costs.

**(i) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**(3) Deposits and Investments**

Cash, cash equivalents, and investments are separately held by several of the Trust’s funds.

**(a) Cash and Cash Equivalents**

The Trust’s cash and cash equivalents consists of bond proceeds received and not yet lent as well as project funds that have not yet been disbursed. All but a small portion of these amounts are held by trustees and disbursed in accordance with executed loan agreements. A small portion of the cash and cash equivalents are held to pay the administrative costs of the Trust.

All cash and cash equivalents are considered to be deposits for the purposes of risk classification. At the end of the year, carrying amounts of these deposits were \$398,507 and \$358,657, which equaled the bank balances, at June 30, 2004 and 2003, respectively. Of this amount, \$400 was covered by depository insurance; \$3,110 and \$885 represent units directly purchased in the Massachusetts Municipal Depository Trust (MMDT), a local investment pool managed by the State Treasurer for cities, towns and other state and local agencies; and the remainder was uninsured and uncollateralized. For purposes of risk categorization, MMDT shares are not categorized. For purposes of risk categorization, MMDT shares are not categorized. Additionally, in 2004 and 2003, \$163,572 and \$145,532, respectively, of the above deposits were indirectly invested in MMDT by the trustee holding the funds.

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**(b) Investments**

The Trust primarily invests in guaranteed investment contracts or GICs, which, under accounting principles generally accepted in the United States, are uncategorized for risk presentation purposes. The fair value of these investments are presented below:

	<b>2004 total fair value</b>	<b>2003 total fair value</b>
	(In thousands)	(In thousands)
Uncategorized guaranteed investment contracts:		
Short-term	\$ 53,201	49,551
Long-term	990,053	907,298
	<u>\$ 1,043,254</u>	<u>956,849</u>

**(4) Capitalization Grants**

The operating agreements for the federal capitalization grants require that the Trust enter into binding commitments with local government units within one year of the receipt of each federal grant payment to provide assistance in an amount equal to 120% (including 20% state matching grants) of each federal capitalization grant. Federal grant payments are received by the Trust in the form of an automated clearing house account. For financial statement purposes, federal capitalization grants and the 20% state matching grants has been recognized in the Federally Capitalized SRF for the amount of executed loan agreements and binding commitments.



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The Federal Safe Drinking Water Program and the Federally Capitalized Community Hardship Loan Program have different allocation percentages. For the Federal Safe Drinking Water Program, each grant year has a different allocation based on the amount of federal set-asides used. An additional 20%, or \$5.9 million was matched from required state matching funds, already on hand at the Trust. All draws for project costs and for reserve funding must maintain this proportionality under the Federal Safe Drinking Water Act. For the 2004 and 2003 grant years, the proportionality is determined as follows (in thousands):

<b>Clean water program</b>	<b>Grant year</b>	
	<b>2004</b>	<b>2003</b>
Federal capitalization	\$ —	44,969
State match on federal funds (20%)	9,200	9,053
Total capitalization	9,200	54,022
Less federally mandated “set-asides”	—	(1,811)
Project capitalization	\$ 9,200	52,211
Federal proportionality	80%	80%
State proportionality	20	20

<b>Drinking water program</b>	<b>Grant year</b>	
	<b>2004</b>	<b>2003</b>
Federal capitalization	\$ 28,615	28,780
State match on federal funds (20%)	5,937	5,758
Total capitalization	34,552	34,538
Less federally mandated “set-asides”	(5,938)	(5,635)
Project capitalization	\$ 28,614	28,903
Federal proportionality	80%	80%
State proportionality	20	20

The Federally Capitalized Community Hardship Loan Program has an 85% federal funding portion. The remaining 15% is funded from services provided “in-kind” by the DEP to either the EPA or to the borrower. This loan program was completed in fiscal year 2003 with the final disbursement to Hinsdale to complete their clean water project.

The Clean Water State Revolving Fund Loan Program is unchanged from previous years. The total federal award and the state matching funds of 20% are reduced by 4% for an administrative allowance. The total amount available for financing is net of this allowance.

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June 30, 2004 and 2003

**(5) Loans Receivable and Bonds Purchased**

The Trust issued a total of 83 and 89 loan or bond purchase agreements during fiscal 2004 and 2003, respectively. An additional 21 and 39 loans were disbursements under the Community Septic Management Program Fund in 2004 and 2003. Pursuant to agreements with the EPA, bond purchase agreements are used for communities involved in extended financing. Of the 83 agreements issued in 2004, eight were issued as 30-year bond purchase agreements to the towns of Marion and West Boylston, the City of Fall River, the MWRA and the Lynn Water and Sewer Commission for a total of \$108.3 million.

A summary of these receivables as of June 30, 2004 and 2003 is as follows (amounts in thousands):

	<u><b>2004</b></u>	<u><b>2003</b></u>
Leveraged loans or bonds purchased	\$ 2,281,286	2,053,050
Direct loans	119	22
Interim loans	<u>28,458</u>	<u>33,262</u>
	2,309,863	2,086,334
Current portion	<u>128,222</u>	<u>119,861</u>
Long-term portion	<u><u>\$ 2,181,641</u></u>	<u><u>1,966,473</u></u>

Aggregate principal maturities on loans receivable or bonds purchased are as follows (amounts in thousands):

2005	\$ 128,222
2006	100,550
2007	103,555
2008	105,915
2009	108,645
Thereafter	<u>1,762,976</u>
	<u><u>\$ 2,309,863</u></u>

Subsidy payments to be applied to repayments from borrowers include interest earnings provided by Debt Service Reserve Funds and contract assistance provided to the Trust by the Commonwealth. Both of these subsidies are expected to be available for the lives of the financing agreements. For the leveraged bond purchase program, pursuant to an agreement with the Commonwealth, subsidies are drawn in an amount as if the financing was for a twenty-year period. The amount that is not currently needed is invested at the applicable bond yield until funds are needed for subsidies beyond year 20, similar to an annuity. If subsidy funds are not available, the obligation of the borrower is increased by such shortfall.

The agreement requires the borrower to pay the Trust an annual or semiannual servicing fee equal to 0.15% or 0.075%, respectively, of the principal obligation outstanding on the applicable date. As of

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June 30, 2004, all borrowers have opted for the semiannual payment schedule. None of these fees are capitalized as part of a borrower's obligation to the Trust.

**(6) Bonds Payable**

The following is a summary of bonds payable at June 30, 2004 and 2003 (in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Water Pollution Abatement					
Revenue Bonds:					
MWRA Loan Program:					
Series 1993A, 4.5% to 5.45%, issued March 18, 1993, due 2000 to 2013	\$ 9,190	—	1,350	7,840	1,275
Series 1993B, 4.3% to 5.25%, issued January 6, 1994, due 2000 to 2014	7,060	—	830	6,230	800
Series 1995A, 4.5% to 6.0%, issued November 21, 1995, due 2000 to 2015	8,355	—	895	7,460	880
Series 1998A, 4.0% to 5.375%, issued July 9, 1998, due 2000 to 2018	15,655	—	1,355	14,300	1,330
Series 2002A, 3.0% to 5.25%, issued October 15, 2002, due 2003 to 2032	124,800	—	3,105	121,695	3,165
South Essex Sewage District Loan Program:					
Series 1994A, 5.3% to 6.375%, issued November 1, 1994, due 2001 to 2015	9,615	—	1,155	8,460	1,120
Series 1996A, 4.25% to 6.0%, issued December 5, 1996, due 2000 to 2016	10,515	—	1,095	9,420	1,055
New Bedford Loan Program:					
Series 1996A, 4.8% to 6.0%, issued July 10, 1996, due 2000 to 2016	15,450	—	1,760	13,690	1,705
Pool Loan Program:					
Series 1, 4.75% to 5.6%, issued July 14, 1993, due 2000 to 2013	33,795	—	4,450	29,345	4,075

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	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Pool Loan Program (continued):					
Series 2, 4.9% to 6.125%, issued June 1, 1995, due 2001 to 2015	\$ 16,345	—	3,250	13,095	3,415
Series 3, 4.6% to 6.0%, issued April 29, 1997, due 2001 to 2017	47,410	—	6,970	40,440	7,130
Series 4, 4.0% to 5.125%, issued December 9, 1998, due 2000 to 2018	129,405	—	7,355	122,050	7,485
Series 5, 4.25% to 5.75%, issued October 6, 1999, due 2000 to 2029	241,505	—	10,870	230,635	11,095
Series 6, 4.5% to 5.66% issued November 6, 2000, due 2001 to 2030	316,995	—	13,265	303,730	13,590
Series 7, 3.0% to 5.25% issued July 15, 2001, due 2001 to 2021	309,835	—	9,905	299,930	10,295
Series 8, 3.0% to 5.0%, issued November 15, 2002, due 2003 to 2032	266,885	—	9,085	257,800	9,300
Series 9, 2.0% to 5.0%, issued October 10, 2003, due 2004 to 2033	—	311,580	—	311,580	10,315
Subordinated Revenue Refunding Bonds:					
New Bedford Loan Program:					
Series 1998A, 4.0% to 5.25%, issued December 23, 1998, due 2001 to 2026	115,675	—	2,415	113,260	2,585
MWRA Loan Program:					
Series 1999A, 4.2% to 6.0%, issued November 3, 1999, due 2000 to 2029	<u>376,570</u>	<u>—</u>	<u>8,135</u>	<u>368,435</u>	<u>8,645</u>
Subtotal	2,055,060	311,580	87,245	2,279,395	99,260
Less unamortized amounts:					
Bond premium	23,856	15,422	1,486	37,792	—
Net unamortized excess of reacquisition price over net carrying value of defeased bonds	<u>(7,685)</u>	<u>—</u>	<u>(597)</u>	<u>(7,088)</u>	<u>—</u>
Total bonds payable	<u>\$ 2,071,231</u>	<u>327,002</u>	<u>88,134</u>	<u>2,310,099</u>	<u>99,260</u>

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The following is a summary of bonds payable at June 30, 2002 and 2003 (in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Water Pollution Abatement					
Revenue Bonds:					
MWRA Loan Program:					
Series 1993A, 4.5% to 5.45%, issued March 18, 1993, due 2000 to 2013	\$ 10,610	—	1,420	9,190	1,350
Series 1993B, 4.3% to 5.25%, issued January 6, 1994, due 2000 to 2014	7,915	—	855	7,060	830
Series 1995A, 4.5% to 6.0%, issued November 21, 1995, due 2000 to 2015	9,260	—	905	8,355	895
Series 1998A, 4.0% to 5.375%, issued July 9, 1998, due 2000 to 2018	17,030	—	1,375	15,655	1,355
Series 2002A, 3.0% to 5.25%, issued October 15, 2002, due 2003 to 2032	—	124,800	—	124,800	3,105
South Essex Sewage District Loan Program:					
Series 1994A, 5.3% to 6.375%, issued November 1, 1994, due 2001 to 2015	10,800	—	1,185	9,615	1,155
Series 1996A, 4.25% to 6.0%, issued December 5, 1996, due 2000 to 2016	11,645	—	1,130	10,515	1,095
New Bedford Loan Program:					
Series 1996A, 4.8% to 6.0%, issued July 10, 1996, due 2000 to 2016	17,265	—	1,815	15,450	1,760
Pool Loan Program:					
Series 1, 4.75% to 5.6%, issued July 14, 1993, due 2000 to 2013	38,810	—	5,015	33,795	4,450

**MASSACHUSETTS WATER  
POLLUTION ABATEMENT TRUST**  
(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements

June 30, 2004 and 2003

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Pool Loan Program (continued):					
Series 2, 4.9% to 6.125%, issued June 1, 1995, due 2001 to 2015	\$ 19,440	—	3,095	16,345	3,250
Series 3, 4.6% to 6.0%, issued April 29, 1997, due 2001 to 2017	54,225	—	6,815	47,410	6,970
Series 4, 4.0% to 5.125%, issued December 9, 1998, due 2000 to 2018	136,625	—	7,220	129,405	7,355
Series 5, 4.25% to 5.75%, issued October 6, 1999, due 2000 to 2029	252,180	—	10,675	241,505	10,870
Series 6, 4.5% to 5.66% issued November 6, 2000, due 2001 to 2030	329,570	—	12,575	316,995	13,265
Series 7, 3.0% to 5.25% issued July 15, 2001, due 2001 to 2021	318,780	—	8,945	309,835	9,905
Series 8, 3.0% to 5.0% issued November 15, 2002, due 2003 to 2032	—	266,885	—	266,885	9,085
Subordinated Revenue Refunding Bonds:					
New Bedford Loan Program:					
Series 1998A, 4.0% to 5.25%, issued December 23, 1998, due 2001 to 2026	117,935	—	2,260	115,675	2,415
MWRA Loan Program:					
Series 1999A, 4.2% to 6.0%, issued November 3, 1999, due 2000 to 2029	384,335	—	7,765	376,570	8,135
Subtotal	1,736,425	391,685	73,050	2,055,060	87,245
Less unamortized amounts:					
Bond premium	9,708	16,103	1,955	23,856	—
Net unamortized excess of reacquisition price over net carrying value of defeased bonds	(9,476)	—	(1,791)	(7,685)	—
Total bonds payable	\$ <u>1,736,657</u>	<u>407,788</u>	<u>73,214</u>	<u>2,071,231</u>	<u>87,245</u>

All bonds are payable from amounts pledged pursuant to the Water Pollution Abatement Project Bond Resolutions, which include payments by the local governmental units of principal and interest on the loans and amounts on deposit in the Debt Service Reserve Funds. Pursuant to the Commonwealth Assistance Contract (the Contract), the Commonwealth has agreed to provide Contract Assistance payments to the

**MASSACHUSETTS WATER  
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Notes to Financial Statements

June 30, 2004 and 2003

Trust to reduce the payments by local governmental units. The Contract is not pledged as security for the bonds; however, the Contract Assistance payments, when received by the Trust, are pledged as security for the bonds.

In October 2002, the Trust issued \$124.8 million of MWRA Program Bonds, Series 2002A. This was issued to finance projects of the MWRA's capital improvement program to upgrade waste water treatment facilities to eliminate pollution from unlawful sewage discharges as part of a federal court-ordered environmental protection program for Boston Harbor and to improve its drinking water treatment and distribution system.

In November 2002, the Trust issued \$266.9 million of Pool Loan Program, Series 8. This was issued to fund under water pollution abatement projects and drinking water projects under Federal Programs across the 74 communities and special districts.

In November 2003, the Trust issued \$311.6 million of Pool Program Bonds, Series 9 to fund loans for borrowers undertaking various approved water pollution abatement and drinking water projects in Massachusetts.

Scheduled future debt service payments are as follows (amounts in thousands):

	<b>Total debt service</b>	<b>Principal</b>	<b>Interest</b>
Year ending June 30:			
2005	\$ 213,783	99,260	114,523
2006	210,898	100,550	110,348
2007	213,095	103,555	109,540
2008	206,720	105,915	100,805
2009	202,557	108,645	93,912
2010-2014	965,210	564,094	401,116
2015-2019	790,666	542,675	247,991
2020-2024	514,213	394,930	119,283
2025-2029	223,817	179,595	44,222
2030-2034	87,957	80,176	7,781
	<u>\$ 3,628,916</u>	<u>2,279,395</u>	<u>1,349,521</u>

**MASSACHUSETTS WATER  
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Notes to Financial Statements

June 30, 2004 and 2003

The balances of bonds defeased “in-substance” in prior years and still outstanding as of June 30 are as follows (amounts in thousands):

Description	Redemption date	Outstanding principal amount	
		2004	2003
MWRA Loan Program:			
Series 1993A	November 3, 1999	\$ 73,415	79,485
Series 1993B	November 3, 1999	49,375	52,250
Series 1995A	November 3, 1999	52,845	55,410
Series 1998A	November 3, 1999	89,720	92,720
New Bedford Loan Program:			
Series 1996A	December 23, 1998	88,910	94,100
South Essex Sewage District Loan Program:			
Series 1994A	July 15, 2001	—	47,095
Series 1996A	July 15, 2001	50,875	53,570
Pool Loan Program:			
Pool 1	July 15, 2001	—	16,530
Pool 2	July 15, 2001	20,720	20,720
Pool 3	July 15, 2001	51,695	51,695

**(7) Net Assets**

As of June 30, 2004 and 2003, the Trust has restricted net assets in the amount of \$1,118,461 and \$1,109,261, respectively, and unrestricted net assets in the amount of \$220,806 and \$195,541, respectively. Restricted net assets represent capitalization grants received cumulative to date from the U.S. Environmental Protection Agency and corresponding matching amounts received from the Commonwealth of Massachusetts. The capitalization grants are restricted to provide financial assistance, but not grants, to local communities and interstate agencies for the construction of wastewater treatment works, drinking water infrastructure improvements, and other related projects as described in note 1.

**(8) Commitments**

As of June 30, 2004 and 2003, the Trust has agreed to provide loans to various local government units amounting to approximately \$28 million and \$33 million, excluding loans to be disbursed, which will be funded or collateralized with grant awards received by the Trust.

**(9) Subsequent Events**

On September 9, 2004, the Trust issued \$645.6 million of Massachusetts Water Pollution Abatement Trust, Pool Program Refunding Bonds, Series 2004A and 2004B. The bonds were issued to advance refund several earlier Pool Program Series issues. The Trust also issued Massachusetts Water Pollution Abatement Trust Pool Loan Program Series 10 in the amount of \$317.1 million on November 22, 2004.



**COMBINING FINANCIAL STATEMENTS AND SCHEDULE FOR THE YEAR ENDED JUNE 30, 2004 (With Comparative Amounts as of June 30, 2003)**

**NARRATIVE**

**Federally Capitalized State Revolving Fund** – is used to account for amounts received and expended from the Federally Capitalized SRF, proposed by Title VI of the Clean Water Act, along with amounts received and expended from the 20% required state matching of federal funding. The fund also is used to account for receipts and disbursements for loan and bond transactions not accounted for in the Commonwealth Capitalized SRF.

**Commonwealth of Massachusetts Capitalized State Revolving Loan Fund** – is used to account for amounts received and expended from the Commonwealth Capitalized SRF.

**General Operations Fund** – is used to account for amounts received and expended for the general and administrative costs not applicable to the other three funds.

**Community Septic Management Fund** – is used to account for amounts received and expended for the purpose of funding loans and assistance payments to eligible communities under the Commonwealth's Title V regulations.

**Federally Capitalized Safe Drinking Water State Revolving Fund** – is used to account for amounts received and expended from the Federally Capitalized SRF, proposed by the Safe Drinking Water Act of 1996, along with amounts received and expended from the required state matching of federal funding.

**Commonwealth Capitalized Drinking Water Subsidy Fund** – is used to account for amounts received and expended in the form of Commonwealth pass-through subsidies for local governments. The projects that are subsidized are federally eligible under the Safe Drinking Water Act, but were set aside from the Federally Capitalized Safe Drinking Water State Revolving Fund under Chapters 88 and 226 of the Acts of 1997. No Federal funds are received and expended in this fund.

**Federally Capitalized Community Hardship Loan Program** – is used to account for amounts received and expended under the Federal Omnibus Recissions and Appropriations Act of 1996 (Public Law 104-134,) earmarked for designated hardship communities within the Commonwealth.

Massachusetts Water Pollution Abatement Trust  
Combining Schedule of Net Assets  
June 30, 2004 (With Comparative Amounts as of June 30, 2003)  
(Amounts in thousands)

	100	200	300	400	500	600	700	Combined Totals	
	Federally Capitalized State Revolving Fund Loan Program	Commonwealth of Massachusetts Capitalized State Revolving Fund Loan Program	Program for General Operations	Community Septic System Loan Program	Federally Capitalized Safe Drinking Water Revolving Fund Loan Program	Commonwealth of Massachusetts Capitalized Safe Drinking Water Revolving Fund Loan Program	Federally Capitalized Community Hardship Loan Program	6/30/2004	6/30/2003
<b>ASSETS</b>									
<b>CURRENT ASSETS:</b>									
Cash and cash equivalents	\$ 158,090	\$ 9,204	\$ 4,313	\$ 15,018	\$ 65,975	\$ -	\$ 15	\$ 252,615	\$ 225,511
Short - term investments	151,990	-	-	4,085	43,018	-	-	199,093	182,697
Grants receivable:									
U.S. Environmental Protection Agency	7,391	-	-	-	7,852	-	-	15,243	76,563
Commonwealth of Massachusetts	-	-	-	15,650	-	-	-	15,650	18,150
Loans receivable, current	87,130	2,067	-	13,650	25,371	-	4	128,222	119,861
Accrued interest receivable	49,447	574	255	455	9,568	-	-	60,299	52,807
Loan servicing fees receivable	-	-	6	-	-	-	-	6	1,265
Total current assets	454,048	11,845	4,574	48,858	151,784	-	19	671,128	676,854
<b>NONCURRENT ASSETS:</b>									
Loans receivable, long-term	1,803,503	22,378	-	23,819	331,935	-	6	2,181,641	1,966,473
Long-term investments	842,763	12,223	8,345	-	126,722	-	-	990,053	907,298
Due from Other Funds	-	-	-	-	-	-	-	-	-
Other assets, long-term	365	-	4,086	-	-	-	-	4,451	4,537
<b>TOTAL ASSETS</b>	<b>\$ 3,100,679</b>	<b>\$ 46,446</b>	<b>\$ 17,005</b>	<b>\$ 72,677</b>	<b>\$ 610,441</b>	<b>\$ -</b>	<b>\$ 25</b>	<b>\$ 3,847,273</b>	<b>\$ 3,555,162</b>
<b>LIABILITIES</b>									
<b>CURRENT LIABILITIES:</b>									
Accrued expenses	\$ 331	\$ -	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ 371	\$ 360
Accrued interest payable	40,790	562	-	511	6,947	-	-	48,810	44,515
Grants Payable	-	-	-	-	-	-	-	-	9,302
Current portion of loan commitments	14,395	-	-	4,085	6,066	-	-	24,546	16,384
Current portion of long-term debt	79,311	2,067	-	1,282	16,600	-	-	99,260	87,245
Total current liabilities	134,827	2,629	40	5,878	29,613	-	-	172,987	157,806
<b>NONCURRENT LIABILITIES</b>									
Loan commitments	94,383	1	-	1,509	26,892	-	-	122,785	95,837
Grants Payable	-	-	-	-	-	-	-	-	11,614
Due to Other Funds	-	-	-	-	-	-	-	-	-
Accrued interest on capital appreciation bonds	1,315	-	-	80	-	-	-	1,395	1,117
Long-term debt, net	1,826,462	22,377	1	23,375	338,624	-	-	2,210,839	1,983,986
<b>TOTAL LIABILITIES</b>	<b>2,056,987</b>	<b>25,007</b>	<b>41</b>	<b>30,842</b>	<b>395,129</b>	<b>-</b>	<b>-</b>	<b>2,508,006</b>	<b>2,250,360</b>
<b>NET ASSETS</b>									
Restricted (equity)	871,683	19,849	130	31,700	194,845	-	254	1,118,461	1,109,261
Unrestricted (ytd net income)	172,009	1,590	16,834	10,135	20,467	-	(229)	220,806	195,541
<b>TOTAL NET ASSETS</b>	<b>\$ 1,043,692</b>	<b>\$ 21,439</b>	<b>\$ 16,964</b>	<b>\$ 41,835</b>	<b>\$ 215,312</b>	<b>\$ -</b>	<b>\$ 25</b>	<b>\$ 1,339,267</b>	<b>\$ 1,304,802</b>

Massachusetts Water Pollution Abatement Trust  
Combining Schedule of Revenues, Expenses and Changes in Net Assets  
June 30, 2004 (With Comparative Amounts as of June 30, 2003)  
(Amounts in thousands)

	100	200	300	400	500	600	700	Combined Totals	
	Federally Capitalized State Revolving Fund Loan Program	Commonwealth of Massachusetts Capitalized State Revolving Fund Loan Program	Program for General Operations	Community Septic System Loan Program	Federally Capitalized Safe Drinking Water Revolving Fund Loan Program	Commonwealth of Massachusetts Capitalized Safe Drinking Water Revolving Fund Loan Program	Federally Capitalized Community Hardship Loan Program	6/30/2004	6/30/2003
<b>OPERATING REVENUES:</b>									
Loan servicing fees	\$ -	\$ -	1,831	\$ -	\$ -	\$ -	\$ -	1,831	2,837
Loan origination fees			209					209	383
Interest Income	114,244	1,086	402	1,641	18,342			135,715	124,223
Total operating revenues	114,244	1,086	2,442	1,641	18,342			137,755	127,442
<b>OPERATING EXPENSES:</b>									
Commonwealth of Massachusetts - Department of Environmental Protection - programmatic support costs	1,727	-	-	10	5,804	7,853	-	15,394	19,332
IntraFund Transfers	(4,314)		-	3,154	1,156		4		
General and administrative	597	-	1,177			-		1,774	2,682
Indirect allocation	(7,045)	(524)	(1,426)	7,448	797	285	64	(401)	-
Arbitrage rebate payments	2,093	-	-	-	-	-	-	2,093	108
Grant disbursements	11,843			106	3,473			15,422	25,405
COI Expense									
Interest expense	94,865	1,383	-	2,946	15,482	-	-	114,676	111,194
Total operating expenses	99,766	859	(249)	13,664	26,712	8,138	68	148,958	158,721
<b>OPERATING INCOME (LOSS)</b>	14,478	227	2,691	(12,023)	(8,370)	(8,138)	(68)	(11,203)	(31,279)
<b>NONOPERATING INCOME:</b>									
Operating Grant Revenue:									
U.S. Environmental Protection Agency	-	-	-	-	-	-	-	-	5,349
Commonwealth of Massachusetts	-	-	-	-	-	7,853	-	7,853	7,853
Capitalization Grant Revenue:									
U.S. Environmental Protection Agency capitalization grants	-	-	-	-	28,615	-	-	28,615	73,749
Commonwealth of Massachusetts matching grants	9,200	-	-	-	-	-	-	9,200	9,200
Total	9,200	-	-	-	28,615	7,853	-	45,668	96,151
<b>NET INCOME (LOSS)</b>	23,678	227	2,691	(12,023)	20,245	(285)	(68)	34,465	64,872
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,020,014	21,212	14,273	53,858	195,067	285	93	1,304,802	1,239,930
<b>NET ASSETS, END OF YEAR</b>	\$ 1,043,692	\$ 21,439	\$ 16,964	\$ 41,835	\$ 215,312	\$	\$ 25	\$ 1,339,267	\$ 1,304,802

Massachusetts Water Pollution Abatement Trust  
Combining Schedule of Cash Flows  
June 30, 2004 (With Comparative Amounts as of June 30, 2003)  
(Amounts in thousands)

	100	200	300	400	500	600	700	Combined Totals	
	Federally Capitalized State Revolving Fund Loan Program	Commonwealth of Massachusetts Capitalized State Revolving Fund Loan Program	Program for General Operations	Community Septic System Loan Program	Federally Capitalized Safe Drinking Water Revolving Fund Loan Program	Commonwealth of Massachusetts Capitalized Safe Drinking Water Revolving Fund Loan Program	Federally Capitalized Community Hardship Loan Program	6/30/2004	6/30/2003
<b>Cash flows from operating activities:</b>									
Cash received from borrowers	\$ 86,096	\$ 2,029	\$ -	\$ 14,182	\$ 17,551	\$ -	\$ 3	\$ 119,861	\$ 134,645
Interest received	107,384	1,532	386	1,520	15,914	-	1	126,737	117,703
Other Cash Received	-	-	3,299	-	-	-	-	3,299	3,031
Loans disbursed to recipients	(203,059)	-	-	(17,123)	(88,099)	-	-	(308,281)	-
Grants disbursed to recipients	(32,759)	-	-	(106)	(3,473)	-	-	(36,338)	(332,703)
Interest paid	(90,964)	(1,426)	-	(2,924)	(14,192)	-	-	(109,506)	(20,664)
Cash paid to suppliers	6,941	524	347	(10,611)	(7,758)	(8,138)	(68)	(18,763)	(104,603)
<b>Net cash used for operating activities</b>	(126,361)	2,659	4,032	(15,062)	(80,057)	(8,138)	(64)	(222,991)	(202,591)
<b>Cash flows from capital and related financing activities:</b>									
Proceeds from U.S. EPA capitalization grants	57,072	-	-	-	32,804	-	59	89,935	96,628
Proceeds from Commonwealth matching capitalization grants	9,200	-	-	2,500	-	-	-	11,700	11,700
Disbursements from capitalization grants	-	-	-	-	-	-	-	-	-
<b>Net cash used by capital and relatedd financing activities</b>	66,272	-	-	2,500	32,804	-	59	101,635	108,328
<b>Cash flows from noncapital financing activities:</b>									
Bonds proceeds	235,324	-	-	2,550	89,128	-	-	327,002	407,788
Repayment of bonds	(71,112)	(2,029)	-	(1,239)	(12,865)	-	-	(87,245)	(73,050)
Cash provided for operating assistance from U.S. EPA	-	-	-	-	-	-	-	-	5,349
Cash provided for operating assistance from Commonwealth of Massachusetts	-	-	-	-	-	7,853	-	7,853	7,853
<b>Net cash provided by noncapital financing activities</b>	164,212	(2,029)	-	1,311	76,263	7,853	-	247,610	347,940
<b>Cash flows from investing activities:</b>									
Purchases of investments	(527,416)	-	(346)	-	(139,139)	-	-	(666,901)	(1,072,209)
Proceeds from sales of investments	464,688	1,014	-	4,542	97,507	-	-	567,751	811,100
<b>Net cash provided by noncapital financing activities</b>	(62,728)	1,014	(346)	4,542	(41,632)	-	-	(99,150)	(261,109)
<b>Net change in cash and cash equivalents</b>	41,395	1,644	3,686	(6,709)	(12,622)	(285)	(5)	27,104	(7,432)
<b>Cash and cash equivalents, beginning of year</b>	116,695	7,560	627	21,727	78,597	285	20	225,511	232,943
<b>Cash and cash equivalents, end of year</b>	\$ 158,090	\$ 9,204	\$ 4,313	\$ 15,018	\$ 65,975	\$ -	\$ 15	\$ 252,615	\$ 225,511
<b>Reconciliation of operating (loss) to neet cash (usedd) by operating activities:</b>									
Operating income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash used for operating activities:	\$ 14,478	\$ 227	\$ 2,691	\$ (12,023)	\$ (8,370)	\$ (8,138)	\$ (68)	\$ (11,203)	\$ (31,279)
Amortization	(32)	-	-	(205)	(374)	-	-	(611)	1,428
Changes in operating assets and liabilities:									
Loans receivable	(148,778)	2,029	-	75	(76,860)	-	3	(223,531)	(245,000)
Accrued interest receivable	(5,969)	446	(16)	100	(2,054)	-	1	(7,492)	(6,520)
Loan servicing fees receivable	-	-	1,259	-	-	-	-	1,259	(188)
Other assets	-	-	86	-	-	-	-	86	(1,896)
Accrued expenses	-	-	11	-	-	-	-	11	28
Accrued interest payable	3,041	(43)	-	7	1,292	-	-	4,297	6,592
Loan commitments	-	-	-	-	6,310	-	-	6,310	-
Loan commitments	10,899	-	1	(3,016)	(1)	-	-	7,883	74,244
<b>Net cash used for operating activities</b>	\$ (126,361)	\$ 2,659	\$ 4,032	\$ (15,062)	\$ (80,057)	\$ (8,138)	\$ (64)	\$ (222,991)	\$ (202,591)
	-	-	-	-	-	-	-	-	-

Massachusetts Water Pollution Abatement Trust  
Fiscal Years Ended June 30, 2004 and 2003  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**Statistical Section\***

\* Only the schedules that are applicable to the Trust activities are included.

**MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST**  
**UNAUDITED SUPPLEMENTAL SCHEDULE OF LOANS BY COMMUNITY**  
**JUNE 30, 2004**  
(Amounts in thousands)

<b>Local Government Unit</b>	<b>Number of Loans</b>	<b>Grant Equivalency % (3)</b>	<b>Original Loan Amount</b>
Abington	3	50%	\$ 6,275
Acton (See Note 10)	5	50%	24,752
Acushnet	1	See Note (4)	98
Agawam (See Note 11)	4	35%-50%	3,585
Amesbury ( See Note 11)	8	50%	13,411
Amherst	1	See Note (4)	100
Aquarion	1	See Note (8)	3,491
Ashburnham (See Note 12)	4	50%	9,448
Ashfield (See Note 9)	1	50%	650
Ashland (See Note 9)	3	50%	11,797
Athol (See Note 12)	4	50%	2,540
Attleboro (See Note 11)	12	50%	26,929
Avon	4	See Note (4)	2,382
Ayer	2	See Note (4)	336
Barnstable	14	45%-90%	23,294
Barre	1	See Note (4)	153
Belchertown	8	45%-50%	17,538
Bellingham (See Note 11)	2	50%	800
Belmont	1	See Note (4)	60
Berlin	1	See Note (4)	135
Bernardston	1	See Note (4)	95
Beverly	1	See Note (13)	750
Billerica	5	25%	30,166
Blackstone	1	See Note (4)	80
Boston (City of)	3	50%	13,402
Boston Water & Sewer Commission	10	25%-90%	32,335
Bourne	3	25%-90%	1,490
Boxford	2	See Note (4)	244
Boylston	1	See Note (4)	165
Brewster	1	See Note (4)	197
Bridgewater (See Note 11)	2	25%	396
Brockton	7	50%-75%	7,141
Brookfield	1	See Note (4)	129
Buckland	1	50%	925
Burlington	1	See Note (4)	50
Cambridge (See Note 9)	11	50%-75%	59,777
Carver	1	50%	200
Charles River Pollution Control District (See Note 6)	6	50%-75%	15,713
Charlton	4	50%	18,775
Chatham	2	50%	484
Chelmsford	10	25%-50%	43,524
Cherry Valley Water District	1	50%	1,312
Chesterfield	2	See Note (4)	391
Chicopee	2	See Note (4)	5,706
Clarksburg	1	50%	445
Clinton	1	50%	9,504
Cohasset	15	50%-75%	22,165
Colrain	2	50%	99
Concord	1	See Note (4)	195
Conway	1	See Note (4)	38
Cool Sandy Beach (See Note 8)	1	50%	165
Dartmouth (See Note 10)	8	50%	18,375
Dedham (See Note 9)	5	50%	3,871
Dennis	1	See Note (4)	196
Dighton	1	See Note (4)	135

**MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST**  
**UNAUDITED SUPPLEMENTAL SCHEDULE OF LOANS BY COMMUNITY**  
**JUNE 30, 2004**  
(Amounts in thousands)

<b>Local Government Unit</b>	<b>Number of Loans</b>	<b>Grant Equivalency % (3)</b>	<b>Original Loan Amount</b>
Dover	1	See Note (4)	197
Dracut (See Note 11)	6	50%	10,800
Dracut Water Supply District	1	50%	940
Dudley (See Note 9)	3	50%	889
Duxbury (See Note 11)	3	50%	1,041
East Bridgewater (See Note 11)	5	50%	1,755
Eastham	2	50%	1,562
Easthampton	2	50%	3,755
Easton	2	See Note (4)	488
Egremont	1	See Note (4)	115
Essex	4	50%	13,453
Fairhaven (See Note 11)	3	50%	646
Fall River (See Note 10)	9	25%-50%	96,271
Falmouth ( See Note 10)	4	50%	16,793
Fitchburg ( See Note 9)	3	50%	20,984
Foxborough (See Note 11)	6	50%	2,922
Framingham	3	25% - 50%	1,261
Franklin	1	See Note (4)	33
Gardner (See Note 9)	2	50%	11,036
Georgetown ( See Note 9)	3	50%	2,657
Gill	1	See Note (4)	43
Gloucester (See Note 11)	14	25%-50%	31,076
Grafton	1	See Note (4)	80
Granby	3	45%-75%	776
Great Barrington	1	50%	343
Greater Lawrence Sanitary District	3	50%	1,700
Greenfield (See Note 11)	3	25%-50%	9,932
Groton	2	See Note (4)	527
Halifax	1	See Note (4)	197
Hanover	2	See Note (4)	395
Hardwick	1	See Note (4)	33
Harwich	1	See Note (4)	195
Hatfield ( See Note 11)	2	50%	1,401
Haverhill	10	50%-75%	8,064
Hillcrest Sewer District	1	See Note (13)	3,871
Hingham (See Note 11)	3	25%-50%	3,732
Hinsdale (See Note 10)	1	50%	2,758
Holbrook (See Note 11)	2	25%	2,677
Holden (See Note 9)	8	50%	15,148
Holland	1	50%	185
Holliston	2	50%	370
Hoosac Water Quality District (See Note 7)	3	50%	3,107
Hopedale Water Department	1	50%	892
Hopkinton (See Note 11)	4	25%-50%	10,426
Hubbardston	1	See Note (4)	15
Hudson (See Note 11)	3	50%	1,402
Hull	4	50%-75%	7,695
Ipswich	1	50%	1,884
Kingston (See Note 10,11)	10	50%	28,810
Lakeville	2	50%	297
Lancaster	1	See Note (4)	100
Lanesborough Village Fire & Water District	1	50%	3,668
Lawrence	3	50%	11,493
Lee	1	50%	200
Leicester	1	See Note (4)	191

**MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST**  
**UNAUDITED SUPPLEMENTAL SCHEDULE OF LOANS BY COMMUNITY**  
**JUNE 30, 2004**  
(Amounts in thousands)

<b>Local Government Unit</b>	<b>Number of Loans</b>	<b>Grant Equivalency % (3)</b>	<b>Original Loan Amount</b>
Lenox	1	50%	3,076
Leominster (See Note 9)	6	50%	12,195
Lexington	2	35%	3,205
Leydon	1	See Note (4)	15
Lincoln	1	50%	4,134
Littleton	2	50%	389
Longmeadow	1	See Note (4)	23
Lowell	2	50%	16,110
Ludlow	1	25%	2,476
Lunenburg (See Note 11)	5	50%	10,322
Lunenburg Water District	2	50%	2,057
Lynn Water & Sewer Commission (See Note 10)	25	25%-50%	93,118
Lynnfield	1	See Note (4)	182
Manchester by the Sea	2	50%	8,054
Mansfield	3	50%	2,254
Marion	1	See Note (13)	10,197
Marlborough	2	50%	2,705
Marshfield	3	50%-90%	10,900
MA Development Finance Authority	1	50%	17,267
Massachusetts Water Resources Authority (See Note 1,9,10)	49	35%-75%	846,854
Mashpee	4	50%	1,595
Mattapoissett	3	50%	7,008
Maynard (See Note 11)	4	50%	5,910
Medfield (See Note 11)	2	50%	676
Medway	1	See Note (4)	120
Melrose	4	25%-50%	1,183
Mendon	1	50%	200
Merrimac (See Note 11)	2	50%	350
Methuen	3	45%-50%	1,866
Middleborough	3	50%	795
Millbury	4	25%-50%	8,956
Millville	1	See Note (4)	197
Milton	3	50%	970
Montague	3	45%-50%	1,498
Monterey	1	See Note (4)	94
Nahant	1	25%	127
Nantucket	6	25%	3,793
Natick	2	See Note (4)	446
Needham (See Note 11)	7	25%-50%	2,885
New Bedford (See Note 10)	5	50%-65%	158,832
Newburyport	1	50%	725
Newton	6	50%	17,079
Norfolk	1	50%	571
North Adams	3	50%	3,372
North Andover	10	25%-50%	8,502
North Attleborough (See Note 9)	10	25%-50%	11,289
North Brookfield	1	50%	5,500
North Reading	2	See Note (4)	596
Northampton	1	See Note (4)	94
Northborough (See Note 11)	3	50%	1,363
Northbridge (See Note 11)	5	50%	9,483
North Sagamore Water District	1	See Note (13)	2,453
Norton	4	50%	3,233
Norwood	2	50%	1,127
Oak Bluffs	3	50%	17,536



**MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST**  
**UNAUDITED SUPPLEMENTAL SCHEDULE OF LOANS BY COMMUNITY**  
**JUNE 30, 2004**  
(Amounts in thousands)

<b>Local Government Unit</b>	<b>Number of Loans</b>	<b>Grant Equivalency % (3)</b>	<b>Original Loan Amount</b>
Orange (See Note 11)	2	50%	314
Palmer	1	50%	6,033
Paxton	1	See Note (4)	146
Pembroke	3	50%	364
Phillipston	1	See Note (4)	146
Plymouth (See Note 12)	12	25%-75%	50,075
Plympton	1	See Note (4)	61
Provincetown (See Note 11)	4	50%	17,062
Quincy	8	45%-75%	11,527
Randolph	2	50%	864
Raynham (See Note 11)	7	50%	19,451
Reading	1	See Note (4)	22
Revere	1	25%	850
Rockport	1	50%	150
Rowley	1	See Note (4)	74
Roylston	1	See Note (4)	66
Russell	2	90%	2,953
Salisbury	2	50%	2,424
Sandwich	1	See Note (4)	195
Saugus (See Note 11)	4	50%	1,153
Scituate (See Note 11)	8	50%	24,077
Seekonk (See Note 9)	3	50%	7,019
Sharon	2	See Note (4)	391
Shirley	4	50%	15,533
Shrewsbury (See Note 11)	2	See Note (4)	585
Shutesbury	1	See Note (4)	197
Somerset	1	See Note (13)	5,819
South Deerfield (See Note 9)	1	50%	4,230
South Essex Sewerage District (See Note 2)	14	45%-65%	181,017
South Hadley	4	45%-75%	3,565
Southampton (See Note 9)	5	50%	2,921
Southborough	2	50%	597
Southbridge (See Note 12)	3	50%	8,068
Southwick	1	See Note (4)	61
Spencer	1	See Note (4)	197
Springfield	2	25%-50%	5,243
Springfield Water Sewer Commission	4	25%-50%	10,430
Sterling	1	50%	507
Stockbridge	2	See Note (13)	6,533
Stoughton	2	See Note (4)	3,328
Sturbridge	3	50%	7,188
Sunderland	1	See Note (4)	97
Sutton (See Note 11)	3	50%	933
Swampscott	8	25%-45%	15,361
Swansea Water District	1	50%	3,160
Taunton (See Note 11)	14	25%-50%	28,969
Templeton (See Note 11)	3	50%	3,936
Tewksbury	1	50%	4,993
Tisbury	1	50%	8,691
Townsend	1	See Note (4)	196
Truro	1	See Note (4)	197
Tyngsborough	3	50%	3,876
Upper Blackstone WPAD (See Note 5)	6	50%	15,720
Upton	1	50%	5,072
Wakefield	2	See Note (4)	2,781

MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST  
UNAUDITED SUPPLEMENTAL SCHEDULE OF LOANS BY COMMUNITY  
JUNE 30, 2004  
(Amounts in thousands)

Local Government Unit	Number of Loans	Grant Equivalency % (3)	Original Loan Amount
Walpole (See Note 11)	5	50%	13,584
Waltham	1	25%	250
Ware	2	50%	926
Wareham	8	50%-90%	36,161
Warren Water District	1	50%	310
Wayland	2	See Note (9)	900
Webster (See Note 11)	5	25%-50%	10,501
Wellfleet	1	See Note (13)	911
West Boylston (See Note 11)	5	See Note (4)	8,965
West Bridgewater	1	See Note (13)	190
West Newbury	1	See Note (4)	195
West Stockbridge (See Note 9)	1	50%	898
Westborough	4	50%	3,399
Westfield	3	50%	25,251
Westford	3	See Note (4)	14,381
Westwood	3	25%-50%	6,397
Weymouth	4	50%	1,427
Whitman (See Note 9)	3	50%	7,683
Wilmington	1	See Note (4)	46
Winchendon (See Note 9)	7	50%	18,598
Winchester	1	See Note (4)	72
Windbrook Acres (See Note 8)	1	See Note (8)	475
Woburn	2	50%	5,587
Worcester	1	See Note (13)	1,239
Wrentham	3	See Note (4)	4,041
Yarmouth (See Note 11)	4	45%-90%	26,685
Unallocated Title 5		50%	5,391
<b>Subtotal</b>	<b>824</b>		<b>2,793,528</b>
<b>Plus Unallocated Accretion in Capital Appreciation Bonds</b>			<b>597</b>
<b>Total</b>			<b>\$ 2,794,125</b>

**MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST**  
**UNAUDITED SUPPLEMENTAL SCHEDULE OF LOANS BY COMMUNITY**  
**JUNE 30, 2004**

(Amounts in thousands)

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(1) The MWRA is comprised of over 60 cities, towns and special - purpose entities throughout Massachusetts. These communities are as follows:

Arlington	Dedham	Marlborough	Randolph	Waltham
Ashland	Everett	Medford	Reading	Watertown
Bedford	Framingham	Melrose	Revere	Wellesley
Belmont	Hingham	Milton	Saugus	Weston
Boston	Holbrook	Nahant	Somerville	Westwood
Braintree	Lancaster	Natick	South Hadley	Weymouth
Brookline	Leominster	Needham	Southborough	Wilbraham
Burlington	Lexington	Newton	Stoneham	Wilmington
Cambridge	Lynn	Northborough	Stoughton	Winchester
Canton	Lynnfield	Norwood	Swampscott	Winthrop
Chelsea	Malden	Peabody	Wakefield	Woburn
Chicopee	Marblehead	Quincy	Walpole	Worcester
Clinton				

(2) The South Essex Sewerage District serves six cities and towns in Essex County, Massachusetts, including:

Beverly	Danvers	Marblehead
Middleton	Peabody	Salem

(3) Grant equivalency refers to the financial equivalent of a grant subsidized by the Commonwealth of the amount in excess of 25% of the eligible project costs. A range is quoted in the case of multiple loans.

NOTE: Title 5 Loans are zero interest loans, deemed to be a 50% grant equivalency.

(4) Exclusively Title 5 Disbursements

(5) The Upper Blackstone Water Pollution Abatement District serves eleven cities and town in Worcester County, Massachusetts, including:

Auburn	Boylston	Holden
Leicester	Millbury	Oxford
Paxton	Rutland	Shrewsbury
West Boylston	Worcester	

(6) The Charles River Pollution Control District serves five towns, in Norfolk County, Massachusetts including:

Bellingham	Franklin	Medway	Millis	Norfolk
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(7) The Hoosac Water Quality District serves three towns, in Berkshire County, Massachusetts, including:

Clarksburg	North Adams	Williamstown
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(8) This is a "privately-owned" public water system.

(9) Loan obligation consists of monies from both the Clean Water program AND the Safe Drinking Water program.

(10) Community has opted for extended, 30 year financing.

(11) Loan obligation consists of monies from both the Clean Water program AND the Title 5 Program.

(12) Loan obligation consists of monies from the Clean Water, Safe Drinking Water, and the Title 5 Programs.

(13) Borrowing governmental entity is required to pay a flat, 2% interest rate pursuant to MA General Law passed as part of the Commonwealth's FY2001 budget for new Projects appearing on the FY2002 Intended Use Plan and into the future.

**MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST**  
**TEN YEAR COMBINED SCHEDULE OF REVENUES AND EXPENSES BY CHARACTER**  
**FOR FISCAL YEARS ENDING JUNE 30, 1995 THROUGH JUNE 30, 2004**  
(Amounts In Thousands)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
<b>REVENUES - Operating Revenue</b>										
Loan Servicing Fees	\$ 1,831	\$ 2,837	\$ 2,508	\$ 4,567	\$ 1,855	\$ 1,520	\$ 1,270	\$ 1,076	\$ 905	\$ 735
Loan Origination Fees	209	382	410	1,054	1,289	2,207	121	66	66	83
Interest Income	<u>152,956</u>	<u>124,223</u>	<u>118,210</u>	<u>114,593</u>	<u>91,250</u>	<u>76,742</u>	<u>65,300</u>	<u>59,989</u>	<u>37,430</u>	<u>29,583</u>
<b>Total Operating Revenue</b>	<b>\$ 154,996</b>	<b>\$ 127,442</b>	<b>\$ 121,128</b>	<b>\$ 120,214</b>	<b>\$ 94,394</b>	<b>\$ 80,469</b>	<b>\$ 66,691</b>	<b>\$ 61,131</b>	<b>\$ 38,401</b>	<b>\$ 30,401</b>
<b>EXPENSES - Operating Expenses:</b>										
Commonwealth of Massachusetts- Department of Environmental Protection -										
Programmatic Support Costs	\$ 15,394	\$ 19,332	\$ 19,795	\$ 14,434	\$ 14,812	\$ 16,084	\$ 13,474	\$ 7,989	\$ 5,223	\$ 5,567
General and administrative	1,373	2,682	1,674	3,780	3,856	1,820	535	552	551	531
Arbitrage rebate payments	2,093	108	6,117							
Depreciation -	-	-	-							
Administrative Assets	-	-	-	-	-	32	8	5	7	5
Assets Acquired with Contributed Capital	-	-	-	-	-	-	-	112	224	224
Grant Disbursement	15,422	25,405	-	-	-	-	-	-	-	-
Interest Expense	<u>131,917</u>	<u>111,194</u>	<u>92,515</u>	<u>83,948</u>	<u>64,583</u>	<u>51,581</u>	<u>44,578</u>	<u>39,681</u>	<u>25,406</u>	<u>19,614</u>
<b>Total Operating Expenses</b>	<b>\$ 166,199</b>	<b>\$ 158,721</b>	<b>\$ 120,101</b>	<b>\$ 102,162</b>	<b>\$ 83,251</b>	<b>\$ 69,517</b>	<b>\$ 58,595</b>	<b>\$ 48,339</b>	<b>\$ 31,411</b>	<b>\$ 25,941</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>\$ (11,203)</b>	<b>\$ (31,279)</b>	<b>\$ 1,027</b>	<b>\$ 18,052</b>	<b>\$ 11,143</b>	<b>\$ 10,952</b>	<b>\$ 8,096</b>	<b>\$ 12,792</b>	<b>\$ 6,990</b>	<b>\$ 4,460</b>
<b>OPERATING - Grant Revenue:</b>										
U.S. Environmental Protection Agency	\$ -	\$ 5,349	\$ 1,584	\$ 2,522	\$ 3,846	\$ 6,197	\$ 11,111	\$ 2,228	\$ 2,153	\$ 2,165
Commonwealth of Massachusetts	7,853	7,853	8,000	8,000	8,144	9,801	2,267	5,677	2,990	3,392
<b>CAPITALIZATION - Grant Revenue:</b>										
U.S. Environmental Protection Agency	28,615	73,749	57,963	72,197	140,430					
Commonwealth of Massachusetts	9,200	9,200	9,886	35,464	10,854					
Capitalization Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Operating Transfers</b>	<b>\$ 45,668</b>	<b>\$ 96,151</b>	<b>\$ 77,433</b>	<b>\$ 118,003</b>	<b>\$ 163,274</b>	<b>\$ 15,998</b>	<b>\$ 13,378</b>	<b>\$ 7,905</b>	<b>\$ 5,143</b>	<b>\$ 5,557</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 34,465</b>	<b>\$ 64,872</b>	<b>\$ 78,460</b>	<b>\$ 136,055</b>	<b>\$ 174,417</b>	<b>\$ 26,950</b>	<b>\$ 21,474</b>	<b>\$ 20,697</b>	<b>\$ 12,133</b>	<b>\$ 10,017</b>

NOTE: For comparison purposes. FY2000 and FY2001 information reflects the implementation of GASB 33 which requires the inclusion of Contributed Capital in Net Income.

**MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST**  
**SCHEDULE OF LARGEST BORROWERS (GREATER THAN \$15 MILLION) BY FISCAL YEAR**  
**FOR FISCAL YEARS ENDING JUNE 30 1997 THROUGH JUNE 30, 2004**

LOCAL GOVERNMENT UNIT	June 30, 2004		June 30, 2003		June 30, 2002		June 30, 2001		June 30, 2000		June 30, 1999		June 30, 1998		June 30, 1997	
	ORIGINAL	% OF	ORIGINAL	% OF	ORIGINAL	% OF	ORIGINAL	% OF	ORIGINAL	% OF	ORIGINAL	% OF	ORIGINAL	% OF	ORIGINAL	% OF
	LOAN AMOUNT	TOTAL LOANS	LOAN AMOUNT	TOTAL LOANS	LOAN AMOUNT	TOTAL LOANS	LOAN AMOUNT	TOTAL LOANS	LOAN AMOUNT	TOTAL LOANS	LOAN AMOUNT	TOTAL LOANS	LOAN AMOUNT	TOTAL LOANS	LOAN AMOUNT	TOTAL LOANS
Massachusetts Water Resources Authority	846,854	30.31%	774,340	26.27%	649,540	26.91%	644,225	46.92%	467,898	35.29%	445,145	42.44%	370,145	41.97%	320,145	36.30%
South Essex Sewerage District	181,017	6.48%	180,960	6.14%	180,960	7.50%	180,960	13.18%	170,989	12.90%	169,780	16.19%	169,780	19.25%	169,780	19.25%
New Bedford	158,832	5.68%	170,879	5.80%	168,542	6.98%	168,542	12.28%	162,865	12.28%	162,865	15.53%	150,810	17.10%	150,810	17.10%
Fall River	96,271	3.45%	43,048	1.46%	20,014	0.83%	20,014	1.46%	18,507	1.40%	14,938	1.42%	7,575	0.86%	6,856	0.78%
Lynn Water & Sewer Commission	93,118	3.33%	72,977	2.48%	43,538	1.80%	43,538	3.17%	38,079	2.87%	22,266	2.12%	16,772	1.90%	16,772	1.90%
Cambridge	59,777	2.14%	59,711	2.03%	59,711	2.47%	59,711	4.35%	20,622	1.56%	17,883	1.70%	17,883	2.03%	17,883	2.03%
Plymouth	50,075	1.79%	45,899	1.56%	35,080	1.45%	24,348	1.77%	6,954	0.52%	6,954	0.66%	-	-	-	-
Chelmsford	43,524	1.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wareham	36,161	1.29%	20,969	0.71%	11,366	0.47%	11,366	0.83%	8,609	0.65%	12,848	1.22%	10,885	1.23%	10,764	1.22%
Boston Water & Sewer Commission	32,335	1.16%	31,660	1.07%	31,660	1.31%	31,660	2.31%	26,216	1.98%	31,788	3.03%	32,336	3.67%	32,336	3.67%
Gloucester	31,076	1.11%	31,745	1.08%	31,745	1.31%	31,745	2.31%	11,480	0.87%	13,061	1.25%	13,005	1.47%	13,005	1.47%
Billerica	30,166	1.08%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taunton	28,969	1.04%	21,773	0.74%	13,804	0.57%	13,213	0.96%	-	-	-	-	-	-	-	-
Kingston	28,810	1.03%	51,595	1.75%	32,048	1.33%	25,105	1.83%	12,165	0.92%	-	-	-	-	-	-
Attleboro	26,929	0.96%	20,340	0.69%	20,340	0.84%	20,340	1.48%	14,731	1.11%	15,365	1.46%	11,562	1.31%	10,562	1.20%
Yarmouth	26,685	0.96%	26,581	0.90%	26,581	1.10%	26,581	1.94%	20,861	1.57%	26,381	2.52%	24,929	2.83%	21,244	2.41%
Westfield	25,251	0.90%	20,241	0.69%	699	0.03%	699	0.05%	699	0.05%	-	-	-	-	-	-
Acton	24,752	0.89%	28,525	0.97%	28,525	1.18%	15,866	1.16%	-	-	-	-	-	-	-	-
Scituate	24,077	0.86%	16,629	0.56%	16,629	0.69%	16,629	1.21%	11,938	0.90%	-	-	-	-	-	-
Barnstable	23,294	0.83%	18,780	0.64%	18,305	0.76%	18,305	1.33%	15,790	1.19%	15,236	1.45%	14,119	1.60%	7,426	0.84%
Cohasset	22,165	0.79%	21,976	0.75%	21,976	0.91%	21,976	1.60%	7,812	0.59%	-	-	-	-	-	-
Fitchburg	20,984	0.75%	20,840	0.71%	20,840	0.86%	20,840	1.52%	-	-	-	-	-	-	-	-
Raynham	19,451	0.70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charlton	18,775	0.67%	18,578	0.63%	15,163	0.63%	15,163	1.10%	-	-	-	-	-	-	-	-
Winchendon	18,598	0.67%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dartmouth	18,375	0.66%	18,691	0.63%	15,919	0.66%	15,919	1.16%	15,270	1.15%	10,506	1.00%	-	-	-	-
Belchertown	17,538	0.63%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oak Bluffs	17,536	0.63%	17,400	0.59%	16,843	0.70%	16,843	1.23%	-	-	-	-	-	-	-	-
MA Development Finance Authority	17,267	0.62%	17,316	0.59%	17,316	0.72%	12,657	0.92%	-	-	-	-	-	-	-	-
Newton	17,079	0.61%	16,975	0.58%	16,854	0.70%	16,854	1.23%	15,270	1.15%	-	-	-	-	-	-
total all others	738,384	26.43%	1,178,825	40.00%	900,101	37.29%	503,564	36.68%	326,245	24.61%	360,738	34.39%	209,103	23.71%	104,418	11.84%
TOTALS AS OF END OF FISCAL YEAR	2,794,125		2,947,253		2,414,099		\$ 1,976,663		\$ 1,373,000		\$ 1,325,754		\$ 1,048,904		\$ 882,001	

Note: Some Entities had loans during previous fiscal years, but their amounts were included in "Other Loans."

\*\*\* For FY 1997,through 2004 "Other Loans" includes approximately \$10 million of unallocated proceeds to fund Title 5 Community Septic System Loans. These loans were identified on 4/29/99. For FY 1999, "Other Loans" includes \$4,892 of unallocated proceeds to fund Title 5.

MASSACHUSETTS WATER ABATEMENT TRUST  
SCHEDULE OF POPULATION SERVED BY FISCAL YEAR  
FOR FISCAL YEARS ENDING JUNE 30, 1996 THROUGH JUNE 30, 2004

Trust Loans Outstanding as of June 30, 2004														
LOCAL GOVERNMENT UNIT	Permanent / Interim			June 30, 2002	June 30, 2001	June 30, 2000	June 30, 1999	June 30, 1998	June 30, 1997	June 30, 1996	June 30, 1995	June 30, 1994	June 30, 1993	June 30, 1992
	Clean Water	Drinking Water	Title 5	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION
ABINGTON	3,499,711	0	0	15,255	14,793	14,605	14,941	14,876	14,773					
ACTON	23,370,768	0	0	20,832	20,745	20,331	19,332	19,206	18,995					
ACUSHNET	0	0	81,530	10,477	10,306	10,161	10,557	10,111	9,916					
AGAWAM	2,239,606	0	40,355	28,391	28,234	28,144	26,686	26,701	26,738	26,721	26,787			
AMESBURY	12,072,251	0	38,242	16,680	16,637	16,450	16,142	16,076	15,890	15,784				
AMHERST	0	0	84,195	34,417	34,072	34,874	36,474	35,252	35,336					
AQUARIAN WATER COMPANY	0	3,376,192	0	-	-	-	-	-	-	-	-	-	-	-
ASHBURNHAM	4,659,800	2,522,165	357,129	5,732	5,662	5,546	5,636	5,577	5,517	5,471				
ASHFIELD	0	549,848	0	1,802	1,792	1,800	1,732							
ASHLAND	1,282,044	8,574,572	71,807	15,392	15,209	*	13,845	13,482	13,162					
ATHOL	213,489	1,810,818	126,300	11,468	11,387	11,299	11,420	11,161	11,150					
ATTLEBORO	21,295,278	0	91,603	43,164	42,622	42,068	39,902	39,557	39,250	39,070				
AVON	173,581	1,778,346	176,602	4,449	4,457	4,443	4,603	4,618						
AYER	223,602	0	69,647	7,304	7,330	7,287	7,604	7,515	7,448					
BARNSTABLE	14,691,965	0	776,602	48,854	48,372	47,821	46,067	45,187	44,533	43,699	43,193	42,579		
BARRE	0	0	136,867	5,295	5,234	5,113	4,981	4,901	4,858					
BELCHERTOWN	14,677,924	0	65,788	13,512	13,220	12,968	12,193	11,946	11,833	11,756	11,597	11,724		
BELLINGHAM	456,022	0	368,389	15,592	15,504	****	15,992	15,864	15,660					
BELMONT	0	0	50,645	24,045	24,169	*								
BERLIN	0	0	169,867	2,567	2,453	2,380	2,434	2,400						
BERNARDSTON	0	0	85,182	2,175	2,163	2,155	2,093	2,087	2,087					
BEVERLY	706,790	0	0	40,235	40,169									
BILLERICA	2,366,875	0	25,254,689	39,453	39,184	38,981	39,900	39,594	39,192	38,861	38,490	38,853		
BLACKSTONE	0	0	67,014	9,007	8,934	8,804	8,466	8,386	8,315					
BOSTON (City of)	11,206,034	0	0	589,281	591,707	*	555,249	555,447	555,873					
BOSTON WATER & SEWER COMM.	21,012,104	0	0	-	-	*								
BOURNE	769,849	0	476,602	19,372	19,093	18,721	18,329	18,007	17,737	17,529	17,300	16,646		
BOXFORD	0	0	208,885	8,179	8,116	7,921	9,174	9,041	8,782					
BOYLSTON	0	0	139,341	4,109	4,072	***								
BREWSTER	0	0	376,602	10,363	10,253	10,094	9,879							
BRIDGEWATER	134,552	0	463,060	25,620	25,297	25,185	24,786	24,536	24,094	23,692	23,310			
BROCKTON	4,142,628	1,381,848	0	95,437	94,820	94,304	93,653	93,173	92,817	92,324	92,209			
BROOKFIELD	0	0	122,600	3,118	3,099	3,051	2,955	2,940						
BUCKLAND	718,800	0	0	1,980	1,982	1,991	1,926							
CAMBRIDGE	13,997,946	16,757,513	0	101,807	102,281	*	92,942	93,352	93,596					
CANTON	0	0	0	21,341	21,106	*	20,887	20,677	20,499					
CARVER	0	0	144,305	11,467	11,336	11,163	11,881	11,647						
CHARLES RIVER POLLUTION CONTROL DIST.****	11,790,574	0	0	-	-	75,684	75,636	74,618						
CHARLTON	13,190,709	3,285,545	0	11,868	11,614	11,263	10,542							
CHATHAM	169,401	0	209,237	6,806	6,742	6,625	7,215	7,098	6,999					
CHELMSFORD	27,888,372	5,141,726	0	33,997	34,013	33,858	33,883	33,776	33,595	33,484	33,199			
CHERRY VALLEY WATER DISTRICT	0	1,216,244	0	-	-	-								
CHESTERFIELD	0	0	489,297	1,236	1,227	1,201	1,138	1,125						
CHICOPEE	5,068,487	0	0	54,833	54,644	*	53,751							
CLARKSBURG	345,500	0	0	1,680	1,681	*****	1,532	1,674	1,679					
CLINTON	0	4,145,407	0	13,733	13,628	13,435								
COHASSET	18,749,523	0	0	7,307	7,298	7,261	7,114	7,094	7,073					
COLRAIN	19,675	0	53,903	1,842	1,824	1,813	1,851							
CONCORD	0	0	184,237	17,028	17,011	16,993	17,804	17,867	17,811					
CONWAY	0	0	34,270	1,859	1,835	1,809	1,658	1,653						
COOL SANDY BEACH	0	99,000	0	-	-	-								
DANVERS	501,060	0	0	25,446	25,441		25,504	25,188	24,703					
DARTMOUTH	13,418,483	2,666,292	456,602	30,767	30,393	30,666	29,820	28,503	28,240					
DEDHAM	2,946,972	0	100,919	23,378	23,433	*	23,585	23,721	23,718					
DENNIS	0	0	663,060	16,194	16,096	15,973	14,864	14,693						
DIGHTON	0	0	113,664	6,448	6,324	6,175	5,954	5,937	5,891					
DOVER	0	0	176,602	5,669	5,637	5,558	5,500	5,481	5,434					
DRACUT	8,053,599	825,625	24,459	28,828	28,835	28,562	28,196	28,136	27,944					
DUDLEY	113,641	558,808	56,084	10,509	10,284	10,036	9,417	9,802	9,732					
DUXBURY	460,062	0	344,929	14,578	14,433	14,248	15,534	15,353	15,154					
EAST BRIDGEWATER	972,005	0	1,705,144	13,501	13,277	12,974	12,825	12,584	12,327					
EASTHAM	864,111	0	276,602	5,618	5,565	5,453	5,153	5,033						
EASTHAMPTON	3,105,246	0	0	16,180	16,027	15,994	15,527	15,627	15,665					
EASTON	303,766	0	122,342	22,698	22,418	22,299	21,547	21,311						
EGREMONT	0	0	115,000	1,338	1,340	1,345	1,176							
ESSEX	12,581,266	0	286,195	3,326	3,324	3,267	3,418	3,407						
FAIRHAVEN	253,063	0	277,235	16,349	16,273	16,159	15,981	15,937	15,921					
FALL RIVER	87,182,451	5,004,027	0	92,660	92,237	91,938	90,555	90,654	90,666	90,865	91,177	89,425		
FALMOUTH	15,441,838	0	447,297	33,628	33,216	32,660	31,996	31,431						
FITCHBURG	1,892,512	10,758,771	0	39,727	39,385	39,102	40,407	40,011						
FOXBOROUGH	2,072,948	0	144,305	16,401	16,386	16,246	16,436	16,388	16,219					
FRAMINGHAM	1,059,363	0	0	66,827	66,952	*	64,998	64,646	64,547					
FRANKLIN	0	0	27,405	29,958	29,926	****	28,878	28,353	27,465					
GARDNER	0	8,403,309	0	20,991	20,892	20,770	20,377							
GEORGETOWN	0	1,989,134	357,983	7,717	7,642	7,377	7,756	7,384						
GILL	0	0	36,617	1,364	1,364	1,363	1,561	1,584						
GLOUCESTER	24,139,453	0	993,211	30,664	30,557	30,273	29,744	29,657	29,452	29,267	29,160	29,098		
GRAFTON	0	0	67,302	15,739	15,319	14,894	13,778	13,742	13,478					
GRANBY	515,128	0	0	6,271	6,195	6,132	5,929	5,865	5,846	5,850	5,811			
GREAT BARRINGTON	285,794	0	0	7,476	7,501	7,527	7,666							
GREATER LAWRENCE SEWERAGE DISTRICT^	1,503,638	0	0	-	-	174,281	171,294							
GREENFIELD	7,136,423	0	114,412	18,005	18,048	18,168	18,154	18,267	18,381	18,580	18,608			
GROTON	311,141	0	176,602	10,015	9,840	9,547	9,407	9,205	8,963					
HALIFAX	0	0	376,602	7,733	7,622	7,500	7,325	7,163						
HANOVER	181,886	0	163,060	13,596	13,386	13,164	13,472	13,278	13,073					
HANSON			200,000	9,827	9,680									

MASSACHUSETTS WATER ABATEMENT TRUST  
SCHEDULE OF POPULATION SERVED BY FISCAL YEAR  
FOR FISCAL YEARS ENDING JUNE 30, 1996 THROUGH JUNE 30, 2004

Trust Loans Outstanding as of June 30, 2004														
LOCAL GOVERNMENT UNIT	Permanent / Interim		Title 5	June 30, 2002	June 30, 2001	June 30, 2000	June 30, 1999	June 30, 1998	June 30, 1997	June 30, 1996	June 30, 1995	June 30, 1994	June 30, 1993	June 30, 1992
	Clean Water	Drinking Water		POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION
HARDWICK	0	0	27,762	2,665	2,654	2,622	2,655	2,623	2,590					
HARWICH	0	0	314,237	12,801	12,575	12,386	12,063							
HATFIELD	1,057,800	0	41,316	3,325	3,274	3,249	3,231							
HAVERHILL	6,928,664	0	120,491	59,634	59,516	58,969	55,525	55,321	54,601	53,952	53,283	52,962		
HILLCREST SEWER DISTRICT	3,648,761	0	0	-	-	-	-							
HINGHAM	2,768,458	0	81,530	20,221	20,128	*	20,528	20,439	20,326					
HINSDALE	2,584,827	0	0	1,847	1,857	1,872	1,834	1,855	1,872					
HOLBROOK	1,780,369	0	34,222	10,877	10,834	*	11,135	11,125	11,086					
HOLDEN	6,677,741	6,720,996	1,014,177	16,137	15,978	***								
HOLLAND	152,914	0	0	2,440	2,419	2,407	2,079							
HOLLISTON	300,312	0	2,500	13,989	13,982	13,801	13,669	13,576						
HOOSAC WATER, QUALITY, DIST. *****	2,141,344	0	0	-	-	24,791	25,198	25,118						
HOPEDALE	0	826,821	0	6,102	6,017	-								
HOPKINTON	6,988,120	0	558,676	13,930	13,803	13,346	11,650	11,351	11,089	10,805	10,389	10,704		
HUBBARDSTON	0	0	12,230	4,139	4,062	3,909	3,763	3,571						
HUDSON	869,170	0	116,715	18,336	18,292	18,113	17,922	17,803	17,711					
HULL	6,522,123	0	0	11,347	11,229	11,050	10,561	10,528						
IPSWICH	1,465,600	0	0	13,270	13,200	12,987	12,758	12,656	12,465					
KINGSTON	26,868,966	0	647,738	12,156	12,006	11,780	11,226	10,983						
LAKEVILLE	0	0	236,423	10,359	10,136	9,821	9,135	8,900						
LANCASTER	0	0	200,000	7,501	7,394	*	6,634	6,685	6,621					
LANESBOROUGH	0	3,287,325	0	2,975	2,980	*	3,017	3,035	3,051					
LAWRENCE	0	10,086,096	0	72,451	72,335	72,043	69,794							
LEE	162,912	0	0	5,902	5,939	5,985	5,586	5,657	5,704					
LEICESTER	0	0	263,692	10,757	10,641	***	10,622	10,442	10,372					
LENOX	2,198,224	0	0	5,158	5,156	5,077	5,070	5,180	5,136					
LEOMINSTER	5,350,707	3,783,412	0	41,895	41,709	*	40,358	40,208	-					
LEXINGTON	0	0	39,157	30,663	30,602	*	29,583	29,594	29,527					
LEYDEN	0	0	45,000	790	778	*								
LINCOLN	0	3,832,687	0	8,111	8,114	*								
LITTLETON	0	0	323,177	8,523	8,424	8,184	8,170	7,936	7,792					
LONGMEADOW	0	0	20,642	15,652	15,599	15,633	14,655	14,710	14,766					
LOWELL	5,275,018	9,112,797	0	104,901	105,280	105,167	101,103	101,075	101,157					
LUDLOW	1,669,147	0	0	21,678	21,476	21,209	19,025	18,957	18,874	18,786	18,749			
LUNENBURG	9,222,290	1,942,089	163,060	9,783	9,652	9,401	9,411	9,473	9,383	9,285				
LYNN WATER & SEWER DISTRICT	85,579,859	0	0	-	-	89,050	80,985	81,075	80,819					
LYNNFIELD	0	0	151,473	11,660	11,634	11,542	11,444	11,359	11,277					
MANCHESTER BY THE SEA	5,887,328	0	0	5,307	5,289	5,228	5,521	5,465	5,405					
MANSFIELD	2,020,456	0	0	22,827	22,666	22,414	19,741	19,244	18,966					
MARION	9,895,826	0	0	5,280	5,217									
MARLBOROUGH	2,054,136	0	0	38,144	37,966	36,255	33,408							
MARSHFIELD	8,822,452	0	0	24,815	24,613	24,324	23,823	25,358	23,155	22,911	22,650	23,133		
MASHPEE	807,249	0	346,602	13,983	13,521	12,946	9,343							
MASSACHUSETTS DEVELOPMENT **	13,951,562	0	0	-	-	-								
MASS. WATER RESOURCES AUTHORITY *	616,406,128	55,160,366	0	-	-	2,732,185	2,071,572	2,072,403	2,070,228	2,071,046	2070380	2050272	2,023,242	2055908
MATTAPOISETT	6,244,170	0	0	6,409	6,350	6,268	6,418							
MAYNARD	485,451	4,685,434	79,111	10,446	10,453	10,433	10,473	10,462	10,415					
MEDFIELD	460,300	0	66,246	12,447	12,448	12,273	11,753	11,726						
MEDWAY	0	0	184,853	12,888	12,668	****	11,883	11,738	11,544					
MELROSE	732,441	0	0	26,963	27,113	*	27,241	27,376	27,419					
MENDON	0	0	144,305	5,581	5,474	5,286	4,867	4,739	4,536					
MERRIMAC	127,420	0	144,305	6,289	6,236	6,138	6,110	5,966	5,796					
METHUEN	1,440,271	0	0	44,638	44,381	43,789	42,364	41,988	41,477	41,029	40,729	40,694		
MIDDLEBOROUGH	356,137	0	728,542	20,722	20,352	19,941	19,911	19,702	19,441					
MIDDLETON	0	0	100,000	8,781	8,642	7,744								
MILLBURY	6,684,540	0	0	13,168	13,062	***	12,405	12,382	12,335	12,329	12,363			
MILLVILLE	0	0	376,602	2,856	2,785	2,724	2,570	2,526						
MILTON	631,664	0	56,748	26,010	26,084	*	25,611	25,662	25,719					
MONTAGUE	1,093,742	0	0	8,456	8,456	8,489	8,334	8,293	8,318	8,383	8,375	8,444		
MONTEREY	0	0	79,143	939	936	934	771	801						
NANTUCKET	3,381,603	0	18,583	10,416	9,938	9,520	8,206	7,844	7,489	7,267	7,034			
NATICK	260,370	1,496,098	322,764	32,384	32,386	*	31,595	31,491	31,381					
NEEDHAM	2,129,840	0	76,338	29,197	29,122	*	27,832	27,924	27,866					
NEW BEDFORD	132,274,698	2,307,521	0	94,088	93,834	93,768	94,780	963,553	96,535	96,903	97,428	94,623	95,653	
NEWBURYPORT	605,970	0	0	17,504	17,350	17,189	16,874	16,808	16,681					
NEWTON	14,426,959	0	0	83,880	83,950	*								
NORFOLK	0	529,039	0	10,500	10,436	-	10,815	10,553	10,460					
NORTH ADAMS	2,688,611	0	0	14,430	14,526	*****	15,549	15,496	15,681					
NORTH ANDOVER	6,881,079	0	0	27,837	27,617	27,202	27,284	25,065	24,727	24,283	23,610			
NORTH ATTLEBOROUGH	5,588,161	3,692,466	0	27,826	27,433	27,143	25,963	25,908	25,696	25,550	25,397	26,375		
NORTH READING	356,137	0	163,060	13,999	13,972	13,837	13,326	13,219	13,066					
NORTHAMPTON	0	0	78,196	28,979	28,900	28,978	28,412	28,680	28,789					
NORTHBOROUGH	874,127	0	68,002	14,246	14,172	*	13,509	13,258	13,019					
NORTHBRIDGE	8,161,811	0	262,389	13,521	13,354	13,182	14,336	14,036	13,853					
NORTH BROOKFIELD	0	4,654,540	0	4,786	4,751	4,683	4,875							
NORTH SAGAMORE WATER DISTRICT	0	2,372,091	0	-	-	-								
NORTON	2,600,435	0	728,542	18,567	18,296	18,036	16,271	16,097	15,842					
NORWELL	0	0	58,361	10,166	10,031	9,765	10,092	9,925	9,771					
NORWOOD	943,536	0	0	28,844	28,662	*								
OAK BLUFFS	14,573,868	0	0	3,797	3,765	3,713	3,274	3,267						
ORANGE	153,100	0	96,205	7,530	7,504	7,518	7,618	7,454	7,478					
ORLEANS	0	0	100,000	6,470	6,416									
PALMER	5,559,999	0	0	12,708	12,584	-								
PAXTON	0	0	130,707	4,487	4,459	***								
PEMBROKE	165,572	0	289,436	17,541	17,269	16,927	16,828							
PEPPERELL	2,616,165	0	0	11,418	11,367									
PHILLIPSTON	0	0	130,686	1,638	1,633	1,621	1,441	1,620						

MASSACHUSETTS WATER ABATEMENT TRUST  
SCHEDULE OF POPULATION SERVED BY FISCAL YEAR  
FOR FISCAL YEARS ENDING JUNE 30, 1996 THROUGH JUNE 30, 2004

Trust Loans Outstanding as of June 30, 2004														
LOCAL GOVERNMENT UNIT	Permanent / Interim			June 30, 2002	June 30, 2001	June 30, 2000	June 30, 1999	June 30, 1998	June 30, 1997	June 30, 1996	June 30, 1995	June 30, 1994	June 30, 1993	June 30, 1992
	Clean Water	Drinking Water	Title 5	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION	POPULATION
PLAINVILLE	0	0	75,000	7,914	7,817	7,683	7,510							
PLYMOUTH	40,769,454	617,142	499,351	53,789	52,914	51,701	50,689	49,810	48,909	48,329	47922	48997		
PLYMPTON	0	0	54,869	2,702	2,669	2,637	2,723	2,678						
PROVINCETOWN	15,502,453	0	438,060	3,484	3,477	3,431	3,743	3,794						
QUINCY	8,191,265	0	0	89,187	88,993	*	85,777	85,752	85,587					
RANDOLPH	684,108	0	0	31,044	31,048	*								
RAYNHAM	15,773,618	0	48,310	12,276	11,990	11,739	10,901	10,789	10,622					
READING	0	0	19,784	23,680	23,737	*	23,389	23,371	23,214					
REVERE	561,278	-	-	47,496	47,683	*	41,747	41,663	41,598					
ROCKPORT	129,352	0	0	7,816	7,810	-								
ROWLEY	0	0	66,226	5,574	5,556	5,500	5,465	5,343						
ROYALSTON	0	0	55,461	1,307	1,280	1,254	1,161	1,224						
RUSSELL	1,460,315	515,628	0	1,678	1,658	1,657	1,604	1,607	1,600	1,594	1597	1654		
RUTLAND			83,595	6,808	6,573									
SALISBURY	1,745,523	0	0	7,955	7,923	7,827	7,274							
SANDWICH	0	0	384,237	20,792	20,517	20,136	19,189							
SAUGUS	924,424	0	8,153	26,415	26,324	*	26,802	26,576	26,344					
SCITUATE	18,674,256	0	102,858	18,152	18,012	17,863	17,681	17,577	17,401					
SEEKONK	0	6,065,359	363,060	13,670	13,540	13,425	13,447	13,339						
SHARON	0	0	347,297	17,536	17,525	17,408	16,936	16,942	16,793					
SHIRLEY	13,779,407	0	0	6,540	6,502	6,373	7,392	7,674						
SHREWSBURY	286,611	0	215,585	32,751	32,398	***	***							
SHUTESBURY	0	0	276,602	1,827	1,815	1,810	1,701	1,701						
SOMERSET WATER DISTRICT	0	5,627,865	0	-	-	-	-							
SOUTH DEERFIELD WATER SUPPLY	0	3,579,696	0	-	-	-	4,750	4,927						
SOUTH ESSEX SEWERAGE DISTRICT **	123,344,106	0	0	-	-	-	181,731	172,238	171,883	170,439	169,409	168726	169559	
SOUTHAMPTON	511,132	1,866,405	276,602	5,595	5,474	5,387	5,140	4,941						
SOUTHBOROUGH	0	0	312,225	9,202	9,031	*	8,032	7,798	7,580					
SOUTHBRIDGE	311,169	6,304,223	90,702	17,398	17,348	17,214	17,405	17,460						
SOUTH HADLEY	2,446,357	0	0	17,248	17,179	*	17,127	17,097						
SOUTHWICK	0	0	54,221	9,123	8,979	8,835	*							
SPENCER	0	0	176,602	11,930	11,841	11,691	12,479	12,432	12,306					
SPRINGFIELD	12,831,267	0	0	151,915	151,466	152,082	147,216	148,144	148,916	149,948	151346	149164		
STERLING		451,269	0	7,569	7,438	*	*							
STOCKBRIDGE				2,252	2,260									
STOUGHTON	0	2,900,398	168,389	27,227	27,256	*	*							
STURBRIDGE	5,126,154	0	0	8,247	8,091	7,837	8,113	8,057	7,988					
SUNDERLAND	0	0	81,810	3,788	3,779	3,777	3,516	3,508	3,504					
SUTTON	246,511	0	41,400	8,705	8,548	8,250	7,659	7,597	7,438					
SWAMPSCOTT	9,164,852	0	0	14,461	14,479	*	13,768	13,868	13,703					
SWANSEA WATER DISTRICT	0	2,910,935	0	-	-	-	-							
TAUNTON	16,804,061	15,180,841	226,300	56,647	56,333	55,976	53,107	52,553	52,206	51,937	51779	51624		
TEMPLETON	2,660,821	0	483,960	7,143	6,981	6,799	7,220	7,116	7,062					
TEWKSBURY	3,228,412	0	0	29,355	29,208	28,851	29,016	29,070	28,878					
TISBURY	7,870,132	0	176,602	3,833	3,800	3,755	3,475							
TITLE 5 UNALLOCATED PROCEEDS	0	0	5,284,514	-	-	-	-							
TOWNSEND	0	0	357,246	9,317	9,263	9,198	9,232	9,169						
TRURO	0	0	176,602	2,152	2,123	2,087	1,835	1,799						
TYNGSBOROUGH	3,211,871	0	0	11,330	11,283	11,081	10,296							
UPPER BLACKSTONE WPAD ***	14,784,340	0	0	-	-	294,645	283,902	281,492	279,640	278,480				
UPTON	3,944,900	0	0	6,006	5,846	5,642	5,605	5,524	5,443					
WAKEFIELD	0	2,480,888	138,403	24,817	24,879	*	*							
WALPOLE	2,309,545	9,600,991	74,899	23,199	23,067	*	*							
WARE	713,300	0	0	9,823	9,745	9,707	9,737	9,727	9,760					
WAREHAM	28,438,837	0	511,932	20,935	20,672	20,335	19,901	19,756	19,625	19,545	19469	20120		
WARREN WATER DISTRICT	0	287,927	0	-	-	-	-							
WAYLAND	585,905	0	328,389	13,239	13,237	13,100	12,359	12,343	12,199					
WEBSTER	7,563,041	0	69,366	16,736	16,600	16,415	16,605	16,115	16,091	16,089	16108	16227		
WELLFLEET	0	881,090	270,000	2,824	2,790	2,749	*	*						
WEST BOYLSTON	7,776,614	550,553	870,382	7,609	7,586	***	***							
WESTBOROUGH	2,396,364	0	0	18,543	18,336	17,997	15,649	15,428	15,236	15,005				
WEST BRIDGEWATER	178,861	0	92,900	6,835	6,752									
WESTFIELD	19,333,445	4,068,972	0	40,314	40,074	40,072	37,615	37,570						
WESTFORD	0	13,191,319	64,865	21,249	21,092	20,754	19,983	19,559						
WESTMINSTER	0	0	0	7,149	7,054	6,907	6,821	6,707	6,619					
WEST NEWBURY	0	0	384,237	4,241	4,203	*	*							
WEST STOCKBRIDGE	0	760,159	0	1,439	1,432	1,416	1,445							
WESTWOOD	2,908,582	0	0	14,181	14,187	*	*							
WEYMOUTH	360,972	789,984	44,874	54,754	54,142	*	*							
WHATELY	0	0	0	1,580	1,571	*	*							
WHITMAN	0	6,965,417	86,638	14,341	14,232	13,882	14,488	14,229	13,929					
WILMINGTON	0	0	193,169	21,629	21,565	*	*							
WINCHENDON	13,998,758	2,522,165	132,609	9,909	9,761	9,611	9,358	9,176	9,031					
WINCHESTER	0	0	60,100	21,093	21,029	*	*							
WINDBROOK ACRES	0	422,251	0	-	-	*	*							
WOBURN	415,545	4,594,363	0	38,003	37,614	37,258								
WORCESTER	1,167,512	0	0	174,962	174,017									
WRENTHAM	429,950	3,450,136	530,185	10,951	10,843	10,554								
YARMOUTH	16,704,170	0	320,907	25,236	25,043	24,807	23,091	22,797	22,532					
TOTALS AS OF END OF FISCAL YEAR	1,909,235,898	291,920,945	63,201,850			6,367,696	6,945,398	7,298,619	5,901,074	3,645,818				
	Clean Water	Drinking Water	Title V											
TOTAL MASSACHUSETTS POPULATION						6,427,801	6,147,132	6,092,352	6,041,157					



MASSACHUSETTS WATER ABATEMENT TRUST  
SCHEDULE OF POPULATION SERVED BY FISCAL YEAR  
FOR FISCAL YEARS ENDING JUNE 30, 1996 THROUGH JUNE 30, 2004

NOTE: "Population Served" exceeds "population of Commonwealth" due to overlaps in population in different programs within the Trus

\* - MWRA, \*\* - South Essex Sewerage District, \*\*\* - Upper Blackstone WPAD, \*\*\*\* - Charles River Pollution Control District, \*\*\*\*\* - Hoosac Water Quality District, ^ - Greater Lawrence Sewerage District  
Population Statistics Source: Massachusetts Department of Revenue, Division of Local Services, Massachusetts Institute for Social and Economic Research (MISER). Revised 4/21/2003 by MISEF

\* MWRA Cities, Towns and special purpose entities listed below  
are included in the MWRA count above

ARLINGTON	HINGHAM	REVERE
ASHLAND	HOLBROOK	SOMERVILLE
BEDFORD	LANCASTER	STONEHAM
BELMONT	LEXINGTON	STOUGHTON
BOSTON	MALDEN	WAKEFIELD
BRAINTREE	MEDFORD	WALPOLE
BROOKLINE	MELROSE	WALTHAM
BURLINGTON	MILTON	WATERTOWN
CAMBRIDGE	NATICK	WELLESLEY
CANTON	NEEDHAM	WESTWOOD
CHELSEA	NEWTON	WEYMOUTH
CLINTON	NORWOOD	WILMINGTON
DEDHAM	QUINCY	WINCHESTER
EVERETT	RANDOLPH	WINTHROP
FRAMINGHAM	READING	WOBURN

The South Essex Sewerage District serves six Cities and Towns in Essex County including

BEVERLY	MARBLEHEAD
OTHER	SALEM

Upper Blackstone WPAD serves eleven communities including

AUBURN	SHREWSBURY
BOYLSTON	W. BOYLSTON
HOLDEN	WORCESTER
LEICESTER	

Charles River Pollution Control District serves five communities including

BELLINGHAM	NORFOLK
FRANKLIN	

Hoosac Water Quality District serves three communities including  
CLARKSBURG WILLIAMSTOWN

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Charles River Pollution Control District serves five communities including:

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FRANKLIN	

Hoosac Water Quality District serves three communities including:

CLARKSBURG WILLIAMSTOWN

Greater Lawrence Sewerage District serves four communities including:

ANDOVER	N. ANDOVER
LAWRENCE	METHUEN

# Major Drainage Basins in Massachusetts

